

MANDATORY FLOWDOWNS

INCORPORATION OF APPLICABLE CLAUSES, PROVISIONS, AND OTHER REQUIREMENTS FOR NON-COMMERCIAL SUBCONTRACTS EB

- a. The Federal Acquisition Regulation (FAR) and Defense Federal Acquisition Regulation Supplement (DFARS) clauses cited below are incorporated by reference as if set forth in full text, and are applicable, including any notes or other language following the clause citation, to this subcontract. The full text of all clauses incorporated by reference is available at <http://www.acquisition.gov/>. If so identified, this Order is a "rated order" certified for national defense use and SELLER shall follow all the requirements of the Defense Priorities and Allocation System (DPAS) Regulation (15 C.F.R. Part 700).
- b. Unless the text in these clauses clearly reserves rights in the Government only, in whole or in part, or as otherwise noted, the terms:
 - i. "Purchase Order" shall be substituted for "Contract";
 - ii. "Purchaser" or "BUYER" for "Government" or "Contracting Officer" or equivalent phrases;
 - iii. "SELLER" for "Contractor"; and
 - iv. "SELLER's lower-tier SELLER" for "Subcontractor" when it can so reasonably be interpreted and it is not obvious that the words refer to BUYER's prime contract, the Government or Contracting Officer, the BUYER, or the SELLER itself.
- c. **Flow Down Requirement - SELLER agrees to flow down the FAR and DFARS clauses as well as those clauses and provisions contained in this document to its lower-tier SELLERs and to also require further flow down, where applicable.**
- d. **BlueForge identification of applicable clause thresholds and further flow down requirements is informational only and is not to be construed as determinative. SELLER remains responsible for determining and complying with all clause flow down requirements.**
- e. When the materials or products furnished are for use in connection with a U.S. Government contract or subcontract, in addition to BlueForge's General Terms & Conditions and Special Provisions, the following clauses shall apply, as required by the terms of the prime contract, or by operation of law or regulation. Otherwise, BlueForge's General Terms and Conditions shall govern in the event of a conflict between these FAR and DFARS clauses and BlueForge's clauses.
- f. The following clauses set forth in the FAR and DFARS in effect as of the date of the prime contract are incorporated herein by reference with the same force and effect as if they were in full text.
- g. Clauses in this document may not be applicable to specific orders due to the type of Purchase Order to be issued, dollar thresholds under requirements of the FAR, DFARS or Public Law or Mandatory Flow Down requirements of a particular prime contract. Clauses that are not applicable are deemed self-deleting, shall not be removed from this document, and will be considered by all parties to be without force and effect. It is the SELLER's obligation to contact BlueForge regarding any confusion, ambiguity, or questions the SELLER may have regarding applicability of the following clauses.

DFARS/FAR Clause Reference Number	Applicable Threshold (S.A.T. = Simplified Acquisition Threshold in FAR Part 2.101)	DFARS/FAR Clause Title	Applicable Revision
252.203-7000	All	Requirements Relating to Compensation of Former DoD Officials	Sep-11
252.203-7001	> S.A.T. except those for commercial items or components	Prohibition on Persons Convicted of Fraud or Other Defense-Contract Related Felonies Applies less paragraph (g) if this order exceeds the S.A.T., except those for commercial items or components.)	Dec-08
252.203-7002	All	Requirement to Inform Employees of Whistleblower Rights	Sep-13
252.203-7003	All	Agency Office of the Inspector General	Aug-19
252.203-7004	>\$5 million	Display of Hotline Poster(s)	Aug-19
252.204-7000	All	Disclosure of Information	Oct-16
252.204-7003	All	Control of Government Personnel Work Product	Apr-92
252.204-7004	All	Antiterrorism Awareness Training for Contractors	Feb-19
252.204-7009	All	Limitations on the Use or Disclosure of Third-Party Contractor Reported Cyber Incident Information	Oct-16
252.204-7012	All	Safeguarding Covered Defense Information and Cyber Incident Reporting	Oct-16
252.204-7015	All	Notice of Authorized Disclosure of Information for Litigation Support	May-16
252.204-7020		NIST SP 800-171 DoD Assessment Requirements	Nov-20
252.209-7004	All	Subcontracting with Firms that are Owned or Controlled by the Government of a Country that is a State Sponsor of Terrorism In paragraph (a) delete "in excess of \$35,000" and replace with "of any amount"	May-19
252.211-7003	All (with exceptions)	Item Identification and Valuation Applies with exceptions. Contact BlueForge to confirm applicability.	Mar 2016

252.211-7008	All	Use of Government-Assigned Serial Numbers	Sep-10
252.219-7003	Applies whenever FAR 52.219-9 applies.	Small Business Subcontracting Plan (DoD Contracts) (When this clause applies, SELLER is to provide the notifications, when required by the clause, to the BUYER.)	Dec-18
252.222-7006	>\$1 million	Restriction on the Use of Mandatory Arbitration Agreements Applies if this subcontract exceeds \$1 million. SELLER agrees not to enter into, and not to take any action to enforce, any provision of any existing agreements, as described in the clause, with respect to any employee or independent contractor performing work related to this subcontract.	Dec-10
252.223-7008	All	Prohibition of Hexavalent Chromium	Jun-13
252.225-7001	All	Buy American And Balance Of Payments Program—Basic	Dec-17
252.225-7002	All	Qualifying Country Sources as Subcontractors	Dec 17
252.225-7004	>\$550,000	Report of Intended Performance Outside the United States and Canada – Submission After Award SELLER shall provide BUYER with information needed for requirements for BUYER's reporting performance outside of the U.S.	May-19
252.225-7007	All	Prohibition on Acquisition of Certain Items from Communist Chinese Military Companies	Dec-18
252.225-7009	All containing specialty metals	Restriction on Acquisition of Certain Articles Containing Specialty Metals	Oct-14
252.225-7012	All	Preference for Certain Domestic Commodities	Dec 2017
252.225-7013	All	Duty-Free Entry - Basic (When a shipment is eligible for duty-free entry under this clause, SELLER is to request in writing duty-free entry eligibility via BUYER and to request that BUYER provide the information required by the clause to allow SELLER to comply. BUYER will, upon approval to disclose, provide SELLER with the information required. Special marking, labeling, and packaging apply. Further flow down may be required. In addition, when this clause applies, SELLER is to include the BUYER's prime contract number on all shipping documents submitted to U.S. Customs for which duty-free entry is being claimed pursuant to this clause.)	May 2016
252.225-7015	All	Restriction on Acquisition of Hand or Measuring Tools	Jun-05
252.225-7016	All	Restriction on Acquisition of Ball and Roller Bearings (Applies at every tier unless items acquired are: (1) Commercial items; or (2) Items that do not contain ball or roller bearings.)	Jun-11
252.225-7019		Restriction on Acquisition of Anchor and Mooring Chain	Dec 2009
252.225-7025	All	Restriction of Acquisition of Forgings (Applies if this subcontract is for forging items or for other items that contain forging items.)	Dec-09
252.225-7033	>\$1 million with U.K. firms	Waiver of United Kingdom Levies	Apr-03
252.225-7038	All	Restriction on Acquisition of Air Circuit Breakers	Dec 2018
252.225-7043	Applies when work or travel outside the U.S. is required.	Antiterrorism/Force Protection Policy for Defense Contractors Outside the United States	Jun-15
252.225-7048	All	Export Controlled Items	Jun-13
252.226-7001	> \$500 K	Utilization of Indian Organizations and Indian-Owned Economic Enterprises - DoD Contracts	Apr 2019
252.227-7013 Alt II	All	Rights in Technical Data – Noncommercial Items and Alt II	Feb-14 & Alt II Mar-11
252.227-7014	All	Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation	Feb-14
252.227-7015 Alt I	All	Technical Data – Commercial Items	Feb-14 & Alt I Dec-11
252.227-7016	All	Rights in Bid or Proposal Information ("BUYER to include its parent, subsidiaries, and affiliates" is substituted for "Government.")	Jan-11

252.227-7019	All contracts furnishing computer software	Validation of Asserted Restrictions – Computer Software	Sept 2016
252.227-7025	All	Limitations on the Use or Disclosure of Government-Furnished Information Marked with Restrictive Legends	May -13
252.227-7026	All	Deferred Delivery of Technical Data or Computer Software (Substitute “BUYER and Government” for “Government” and “SELLER” for “Contractor”.)	Apr-88
252.227-7027	All	Deferred Ordering of Technical Data or Computer Software	Apr-88
252.227-7030	All	Technical Data - Withholding of Payment	Mar-00
252.227-7037	All	Validation of Restrictive Markings on Technical Data (Applies in this subcontract and in all contracts, Purchase Orders, and other similar instruments with SELLERs or suppliers at any tier requiring the delivery of technical data.)	Sept 2016
252.227-7038	All subcontracts for E, D, or R to other than small businesses or nonprofits.	Patent Rights – Ownership by the Contractor (Large Business) (Applies to all subcontracts for Experimental, Developmental, or Research (EDR) work to <u>other than</u> small businesses or nonprofits unless a different patent rights clause is required by FAR 27.303. FAR 52.227-11 applies in lieu of this DFARS clause in all subcontracts for E, D, or R to be performed by a small business concern or a nonprofit organization. All references to “Government” shall remain and the SELLER shall have all the rights and obligations provided to the Contractor in the clause.	Jun-12
252.229-7006	All	Value Added Tax Exclusion (United Kingdom) Applicable only to Purchase Orders procuring supplies or services, in whole or in part, in the United Kingdom. Contact BlueForge for specific applicability to this Purchase Order.	Dec-11
252.231-7000	All	Supplemental Cost Principles	Dec-91
252.234-7004	>\$50M	Cost and Software Data Reporting System-Basic	Nov-1
252.235-7003	All	Frequency Authorization (Applies if radio frequency authorization is required.)	Mar-14
252.239-7018	All	Supply Chain Risk	Feb 2019
252.243-7001	All	Pricing of Contract Modifications	Dec-91
252.243-7002	REAs > the	Requests for Equitable Adjustments (REA) (Modified as necessary to reflect the relationship of the parties.)	Dec-12
252.245-7004	S.A.T.	Reporting, Reutilization, and Disposal	Mar 2015
252.246-7003	All	Notification of Potential Safety Issues - This clause applies to this subcontract and to all lower-tier subcontracts at any tier meeting the requirements described in this clause. It applies in subcontracts for – (i) Parts identified as critical safety items; (ii) Systems and subsystems, assemblies, and subassemblies integral to a system; (iii) Repair, maintenance, logistics support, or overhaul services for systems and subsystems, assemblies, subassemblies, and parts integral to a system. - Buyer will identify parts identified as “critical safety items”, if any, upon Seller’s request. - Seller is responsible for providing the notifications required by this clause to BlueForge in writing for itself and for its lower-tier subcontractors at any tier.	Jun-13
252.246-7007	All	Contractor Counterfeit Electronic Part Detection and Avoidance System (Refer also to the clause entitled “Counterfeit Parts/Counterfeit Work Prohibition , Additional Requirements to DFARS 252.246-7007, Counterfeit Electronic Part Detection and Avoidance System (May 2014)” which supplements this clause.)	Aug 2016
252.246-7008	All	Sources of Electronic Parts If the Seller documents to BlueForge that electronic parts provided under this purchase order are new or previously unused, then the actions listed in DFARS 252.246-7008 (Oct 2016) paragraph (b)(3) (ii) will not apply.	May 2018
252.247-7023	All	Transportation of Supplies by Sea (Paragraphs (f) and (g) do not apply to orders at or below the S.A.T.)	Feb 2019
252.249-7002	≥\$700 K	Notification of Anticipated Contract Termination or Reduction Sub-tier notification required for > = \$150k	Oct-15
52.203-3	All	Gratuities	Apr-84
52.203-5	All	Covenant Against Contingent Fees	Apr-84
52.203-6	> the S.A.T.	Restrictions on Subcontractor Sales to the Government (Applies if this order exceeds the simplified acquisition threshold. Note: Further flow down is required.)	Sep-06

52.203-7	> \$150K	Anti-Kickback Procedures (Modified) (Applies, less paragraph (c) (1), if this order exceeds \$150,000, suitably modified to reflect the relationship of the Parties. Further flow down is required. SELLER agrees to indemnify and hold BUYER harmless to the full extent of any loss, damage, or expense (including reasonable attorney's fees), including but not limited to, any amount withheld from the BUYER's prime contract resulting from a violation or alleged violation of this clause or any law or regulation by SELLER or its subcontractors at any tier.)	May-14
52.203-8	All	Cancellation, Rescission and Recovery of Funds For Illegal or Improper Activity	May-14
52.203-10	All	Price or Fee Adjustment for Illegal or Improper Activity (Modified) (This clause applies with the following additional changes of parties: Replace the word "Government" with "Government and/or BlueForge" wherever it appears and replace "prime contractor's price or fee" in paragraph (c) with "SELLER's price or fee.")	May-14
52.203-11	>\$150,000	Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions	Sep-07
52.203-12	> \$150 K	Limitation on Payments to Influence Certain Federal Transactions (This clause applies if this order exceeds \$150,000.) SELLER agrees: (1) to submit a declaration, including the certification and disclosure in paragraphs (c) and (d) of the provision at FAR 52.203-11, and (2) if required, to make all required disclosures accordingly to BUYER's Contracting Officer via BUYER. SELLER's and lower-tier subcontractor's disclosure forms shall be forwarded from tier to tier until received by BlueForge for forwarding to the Contracting Officer. SELLER agrees to include the substance of this clause in any subcontract exceeding \$150,000.	Oct-10
52.203-13	>\$5.5 million & >120 days	Contractor Code of Business Ethics and Conduct	Oct-15
52.203-17	All > S.A.T	Contractor Employee Whistleblower Rights and Requirement To Inform Employees of Whistleblower Rights	Apr-14
52.204-2	All	Security Requirements (Modified) (Applies to this order and to all lower-tier subcontracts that involve access to classified information. All references to the "Changes" clause are excluded. "Government" in paragraph (c) does not change to "BUYER".)	Aug-96
52.204-9	All	Personal Identity Verification of Contractor Personnel	Jan-11
52.204-10	All	Reporting Executive Compensation and First-Tier Subcontract Awards SELLER agrees to provide information needed by BUYER to comply with this clause.	Oct 2018
52.204-19	All	Incorporation by Reference of Representations and Certifications	Dec-14
52.204-21		Basic Safeguarding of Covered Contractor Information Systems	Jun 2016
52.204-23	All	Prohibition on Contracting for Hardware, Software, and Services Developed or Provided by Kaspersky Lab and Other Covered Entities	Jul-18
52.204-25	All	Prohibition on Contracting for Certain Telecommunications and Video Surveillance Services or Equipment	Aug-19
52.209-6	All	Protecting the Government's Interest When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment (Modified) (Delete "in excess of \$35,000" in para. (b), and replace it with "of any amount" and add to the end of the sentence "without requesting and obtaining prior written approval of the BUYER and, when required, the Government via the BUYER". Revise paragraph (c) in its entirety to read as follows: "The SELLER shall disclose to the BUYER, in writing, whether as of the time of award of this subcontract, the SELLER, or any of its principals, is or is not debarred, suspended, or proposed for debarment by the Federal Government." In paragraph (d), add the following wording at the beginning of the first sentence: "If the SELLER intends to request the BUYER's approval to subcontract with a SELLER that is debarred, suspended, or proposed for debarment, ..." and replace "Contracting Officer" with "BUYER". In paragraph (e), Delete "Exceeds \$35,000 in value" and replace with "Is of any amount". All exceptions to this clause as modified require prior BlueForge and Government approval.) (Refer also to the clauses in these terms and conditions entitled, "Representations and Certifications" and "Subcontracting and Subcontracting Restrictions".)	Oct-15
52.209-10	All	Prohibition on Contracting with Inverted Domestic Corporations	Nov-15
52.210-1	All	Market Research	Apr-11
52.211-5	All	Material Requirements	Aug-00

52.211-15	All	Defense Priority and Allocation Requirements (Unless otherwise specified, the DPAS priority rating applicable for each item is identified at the P.O. line item level.) This is a rated order certified for national defense use. SELLER shall follow the provisions of the Defense Priorities and Allocation System (DPAS) regulation (15 CFR 700). SELLERS who receive rated orders must in turn place rated orders with their lower-tier suppliers for the items they need to fill rated orders. SELLERS who place or receive a rated order should be thoroughly familiar with, and must comply with, the provisions of 15 CFR 700, including its notification requirements.	Apr-08
52.215-2	> S.A.T.	Audit & Records - Negotiation (This clause applies if this order exceeds the S.A.T. and: (1) is a cost reimbursement, incentive, time-and-material, labor hour, or price re-determinable type or any combination of these; or (2) is an order for which cost or pricing data are required; or (3) is an order that requires the SELLER to furnish reports as discussed in paragraph (e) of this clause FAR 52.215-2. In paragraphs (b), (c), and (e), change "Contracting Officer" to "BUYER and the Contracting Officer". Further flow down may be required.)	Oct-10
52.215-10		Price Reduction for Defective Cost or Pricing Data	Aug-11
52.215-11	> the threshold for submission of cost or pricing data.	Price Reduction for Defective Cost or Pricing Data – Modifications	Aug-11
52.215-12	> the threshold for submission of cost or pricing data.	Subcontractor Cost or Pricing Data When required by this clause, SELLER agrees that it will submit, and shall require its subcontractors to submit, cost or pricing data in the form required by FAR Part 15 and to execute a "Certificate of Current Cost or Pricing Data" in the format required by FAR Part 15.406-2 (entitled "Certificate of Current Cost or Pricing Data"), unless an exception under FAR 15.403-1 applies.	Oct-10
52.215-13	> the threshold for submission of cost or pricing data.	Subcontractor Cost or Pricing Data - Modifications	Oct-10
52.215-14 & Alt. 1	All	Integrity of Unit Prices	Oct-10 & Alt I Oct-97
52.215-15	All	Pension Adjustments & Asset Reversions (This clause applies to solicitations and orders meeting the applicability requirements of FAR 15.408(g). Further flow down is required.)	Oct-10
52.215-16	All	Facilities Capital Cost of Money (Applies if SELLER proposed this cost in its offer and if the criteria for allowability in FAR 31.205-10(b) are met. If this clause applies, clause "FAR 52.215-17, Waiver of Facilities Capital Cost of Money" is deleted.)	Jun-03
52.215-17	All	Waiver of Facilities Capital Cost of Money (Applies if SELLER did not propose this cost in its offer. If this clause applies, "FAR 52.215-16, Facilities Capital Cost of Money" is deleted.)	Oct-97
52.215-18	All	Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other Than Pensions (This clause applies to solicitations and orders meeting the applicability requirements of FAR 15.408(j)) Further flow down is required.)	Jul-05
52.215-21	> the threshold for submission of cost or pricing data.	Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data - Modifications (This clause applies, unless an exception applies, if this order exceeds the applicable threshold for submission of cost or pricing data on the date of agreement on price or the date of award, whichever is later. However, if the SELLER is not granted an exception from the requirements to submit cost or pricing data, the SELLER shall submit cost or pricing data and supporting attachments in accordance with table 15-2 of FAR 15.408. In addition, as soon as practicable after agreement on price, but before award (except for unpriced actions), the SELLER shall submit a Certificate of Current Cost or Pricing Data, as prescribed by FAR 15.406-2.)	Oct-10
52.215-23	> the threshold for submission of cost or pricing data.	Limitations on Pass-Through Charges. (Further flow down may be required.)	Oct-09
52.219-8	All	Utilization of Small Business Concerns (Applies to all solicitations and orders that offer further subcontracting opportunities.)	Oct 2018

52.219-16	> \$7006K (Except to small businesses. Applies when FAR 52.219-9 applies.)	Liquidated Damages - Subcontracting Plan (Modified) (Incorporated by Reference, less paragraphs (d) and (e). SELLER agrees that the BUYER may withhold or recover from SELLER such sums as the BUYER's Contracting Officer withholds or recovers from BUYER pertaining to SELLER's or its subcontractor's compliance or noncompliance with the requirements of FAR 52.219-8, FAR 52.219-9, or this clause as well as costs and expenses incurred by BUYER (including reasonable attorney's fees) as a result of SELLER's or its subcontractor's compliance or noncompliance with the requirements of these clauses.)	Jan-99
52.222-2	All	Payment for Overtime Premiums (Modified)	Jul-90
52.222-4	All	Contract Work Hours and Safety Standards Act – Overtime Compensation (Applies if this order may involve the employment of laborers or mechanics. Further flow down may be required. SELLER is responsible for compliance by any subcontractor or lower-tier subcontractor with the provisions in paragraphs (a) - (d) of the clause.	May-14
52.222-20	> \$15 K	Contracts for materials, Supplies, Articles and Equipment Exceeding \$15,000	May-14
52.222-21	All	Prohibition of Segregated Facilities (Applies if this order is subject to the Equal Opportunity clause of this subcontract.)	Apr-15
52.222-26	All	Equal Opportunity SELLER shall include the terms and conditions of this clause in every lower-tier subcontract or Purchase Order that is not exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended, so that these terms and conditions will be binding upon each SELLER or vendor.)	Sept 2016
52.222-29	All	Notification of Visa Denial	Apr-15
52.222-35	≥\$100K	Equal Opportunity for Veterans	Oct 2015
52.222-36	>\$15,000	Equal Opportunity for Workers with Disabilities	Jul-14
52.222-37	>/\$150K	Employment Reports on Veterans	Feb 2016
52.222-40	>\$10,000 unless exempted	Notification of Employee Rights Under the National Labor Relations Act	Dec-10
52.222-50	All	Combating Trafficking in Persons	Jan 2019
52.223-11	All	Ozone-Depleting Substances and High Global Warming Potential Hydrofluorocarbons	Jun 2016
52.223-18	All	Encouraging Contractor Policies To Ban Text Messaging While Driving	Aug-11
52.225-13	All	Restrictions on Certain Foreign Purchases (Further flow down is required.)	Jun-08
52.227-1	> S.A.T	Authorization and Consent When used in this clause, the word "Government" retains its original meaning as the "U.S. Government" ; except in paragraph (a)(1) where the phrase "...accepted by the Government under this contract; ..." is changed to read "... accepted by the BUYER under this subcontract or by the Government under the prime contract; ...". (Further flow down required.)	Dec-07
52.227-2	> S.A.T.	Notice and Assistance Regarding Patent and Copyright Infringement (Applies if this order is expected to exceed the S.A.T. Further flow down is required.)	Dec-07
52.227-10	All	Filing of Patent Applications - Classified Subject Matter (Applies if this order covers or is likely to cover classified subject matter. Paragraph (a) is changed from 30 to 45 days.) (Further flow down is required.)	Dec-07
52.227-11	Small businesses and nonprofit organizations only	Patent Rights - Ownership by the Contractor (Short Form) Applies if this Purchase Order is for Experimental, Developmental, or Research (EDR) work to be performed by a small business concern or nonprofit organization. All references to "Government" shall remain and the SELLER shall have all the rights and obligations provided to the Contractor in the clause. This clause does not apply for work in connection with the nuclear propulsion plant and its associated components and systems which are under the cognizance of NAVSEA 08. For such orders FAR 52.227-13, Patent Rights – Ownership by the Government, applies. Note: In lieu of FAR 52.227-11, DFARS 252.227-7038, Patent Rights – Ownership by the Contractor (Large Business), applies to all subcontracts for Experimental, Developmental, or Research (EDR) work to other than small business concerns or nonprofit organizations unless a different patent rights clause is required by FAR 27.303.	Dec-07
52.227-13	All	Patent Rights – Ownership by the Government	Dec-07
52.229-8	All	Taxes – Foreign Cost-Reimbursement Contracts	Mar-90

52.230-2	> \$700K based on CAS exemption.	Cost Accounting Standards (Deviation 2018-00015) Applies (less paragraph (b)), unless exempted per 48 CFR 9903.201-1 and 9903.201-2, to negotiated subcontracts over \$750,000 with large businesses. This clause does not apply if FAR 52.230-3; FAR 52.230-4; or FAR 52.230-5 applies. SELLER shall include the substance of this clause revision (less paragraph (b)) in all other negotiated subcontracts over \$750,000 of any tier, including the obligation to comply with all CAS in effect on the subcontractor's award date or if it has submitted cost or pricing data, on the date of final agreement on price as shown on the SELLER's signed Certificate of Current Cost or Pricing Data unless the negotiated subcontract is exempt per 48 CFR 9903.201-1. Subcontract awards subject to CAS require the same type of CAS coverage as would prime contracts awarded to the same business unit (9903.201-2(d)).	May 2018
52.230-3	> \$750 based on CAS exemption. (Large businesses eligible for and electing to claim Modified CAS coverage.)	Disclosure and Consistency of Cost Accounting Practices Applies (less paragraph (b)), unless exempted per 48 CFR 9903.201-1, to negotiated subcontracts over \$750,000, with large businesses if it certifies on its CAS Appendix A-9 submittal that it is eligible for and elects to use "Modified CAS coverage" (see 48 CFR 9903.201-2). Refer to the Purchase Order Standard Clauses for the applicable CAS clause. SELLER shall include the substance of this clause (less paragraph (b)) in all other negotiated subcontracts over \$750,000 of any tier which are eligible for this coverage unless the negotiated subcontract is exempt per 48 CFR 9903.201-2.	Oct-15
52.230-4	> \$750,000 based on CAS exemption. (Large businesses eligible for and electing to claim Modified CAS coverage.)	Disclosure and Consistency of Cost Accounting Practices- Foreign Concerns (Applies, less paragraph (b), if this order (negotiated subcontract) exceeds U.S. the Truth in Negotiations Act (TINA) threshold (see FAR 15.403-4) (see Note 1 above) to foreign concerns (which does not include foreign governments or their agents or instrumentalities), unless exempted per 48 CFR 9903.201-1. Submit CAS Appendix A-9 to claim exemptions. When this clause applies, SELLER must comply with the further flow down requirements contained in the clause and SELLER must comply with those CAS specified in the clause. Refer to the Purchase Order Standard Clauses for the applicable CAS clause.)	Oct-15
52.230-5	> \$750K based on CAS exemption. (Educational institutions only)	Cost Accounting Standards—Educational Institution (Applies (less paragraph (b)), unless exempted per 48 CFR 9903.201-1, to negotiated subcontracts over \$750,000 with an "educational institution". This clause doesn't apply if FAR 52.230-2; 52.230-3; or 52.230-4 applies. Refer to the Purchase Order Standard Clauses for the applicable CAS clause. SELLER shall flow down this clause (less paragraph (b)) in all other negotiated subcontracts over \$750,000 of any tier, including the obligation to comply with all applicable CAS in effect on the SELLER's award date or if it has submitted cost or pricing data, on the date of final agreement on price as shown on the subcontractor's signed Certificate of Current Cost or Pricing Data unless the negotiated subcontract is exempt per 48 CFR 9903.201-1. Subcontract awards subject to CAS require the same type of CAS coverage as would prime contracts awarded to the same business unit (9903.201-2(d)). Negotiated subcontracts awarded to Federally Funded Research and Development Centers (FFRDC) operated by an educational institution are subject to full or modified CAS coverage (9903.201-2(c)(4)) and FAR 52.230-5 and may not be used by an FFRDC (see 48 CFR 9903.201-2(c)(5)).	Aug-16
52.230-6	Applies when CAS 52.230-2, 52.230-3, 52.230-4, or 52.230-5 applies	Administration of Cost Accounting Standards	Jun-10
52.232-17	All	Interest (Not applicable to contracts below S.A.T., with government agencies, state and local governments or to contracts without provision for profit or fee with a nonprofit organization. In paragraphs (a) and (b)(3), "Government" retains its original meaning and add "or BUYER" after it.)	May-14
52.232-40		Providing Accelerated Payments to Small Business Subcontractors	Dec 2013
52.233-3 & Alt I	All & CR	Protest after Award and ALT I	Aug-96 & Alt I Jun-85
52.233-4	All	Applicable Law for Breach of Contract Claim	Oct-04
52.234-1	All	Industrial Resources Developed Under Defense Production Act Title III	Sept 2016

52.242-1	All CR, FPI, or Price Re-determinable	Notice of Intent to Disallow Costs	Apr-84
52.242-3		Penalties for Unallowable Costs Contractors which include unallowable indirect costs in a proposal may be subject to penalties. The penalties are prescribed in 10 U.S.C. 2324 or 41 U.S.C. chapter 43, as applicable, which is implemented in section 42.709 of the Federal Acquisition Regulation (FAR)	May -14
52.242-4	All	Certification of Final Indirect Costs	Jan-97
52.242-13		Bankruptcy	Jul-95
52.242-15 & Alt I	All	Stop-Work Order and Stop Work Order – Alternate I	Aug-89 & Apr-84
52.244-5	All	Competition In Subcontracting	Dec-96
52.244-6	All	Subcontracts for Commercial Items	Aug 2019
52.245-1	All	Government Property	Jan 2017
52.245-9	All	Use and Charges	Apr-12
52.247-63	All	Preference for U.S.-Flag Air Carriers requirement for subcontractors	Jun-03
52.248-1	>= \$150K	Value Engineering Add new paragraph (n) as follows: "(n) This clause does not apply to any work under this contract in connection with the nuclear propulsion plant, its associated components and systems which are under the technical cognizance of NAVSEA 08."	Oct-10
<u>FIXED-PRICE</u>			
52.242-17	All FP	Government Delay of Work (Applies, suitably modified to reflect the relationship of the Parties, if the Government causes a delay at the prime contract level which impacts SELLER's performance of this Purchase Order. Applies when a fixed-price subcontract is anticipated for supplies other than commercial or modified-commercial items and when a fixed-price subcontract is contemplated for services.)	Apr-84
52.249-1	All FP	Termination For Convenience of the Government or BUYER (Fixed Price)(Short Form) (This clause is incorporated herein by reference modified as shown below such that BUYER shall have the right to terminate this Purchase Order for convenience of either the Government or the BUYER. Revised to apply to all fixed price orders.) Revise the title to read "Termination For Convenience of the Government or BUYER (Fixed Price) (Short Form)" in lieu of "Termination for the Convenience of the Government"; and replace the phrase "The Contracting Officer" with "The Contracting Officer or BUYER"; and replace the phrase "the Government's interest" with "the BUYER's or the Government's interest".	Apr-84
52.249-2 (Mod)	All FP	Termination For Convenience of the Government or BUYER (Fixed Price) (Modified) (This clause is incorporated herein by reference modified as shown below such that BUYER shall have the right to terminate this Purchase Order for convenience of either the Government or the BUYER. Revised to apply to all fixed-price orders.) • Revise the title to read "Termination for Convenience of the Government or BUYER (Fixed Price)" in lieu of "Termination for Convenience of the Government (Fixed-Price)"; and • Revise the language to reflect the relationship of the parties as described in language "Clauses/Provisions Incorporated by Reference"; and • In paragraph (a), revise "... if the Contracting Officer determines that a termination is in the Government's interest." to "... if the BUYER determines that a termination is in the BUYER's or Government's interest."; and • In paragraph (b)(8), revise "Government" to "BUYER or the Government"; and • In paragraph (c), "120 days" is changed to "60 days" and paragraph (e) is changed from "one year" to "six months"; and • Delete paragraph (j) in its entirety; and • In paragraph (n), "Government" is changed to "Government and the BUYER".	Apr-12
<u>COST-REIMBURSEMENT</u>			

52.216-7	All CR	Allowable Cost and Payment Applies if this solicitation and/or order is/are contemplated to be a cost-reimbursement subcontract or a time-and-materials subcontract (other than a subcontract for a commercial item.). If this subcontract is a time-and-materials subcontract, the clause FAR 52.216-7 applies only to the portion of the subcontract that provides for reimbursement of materials (as defined in the clause) at actual cost.	Aug 18
52.216-8	All CR	Fixed Fee (Modified) (This clause applies, less the final two sentences of paragraph (b), if this solicitation and/or order are contemplated to be a cost-plus-fixed-fee subcontract (other than a construction subcontract).) In paragraph (a), the word "Schedule" shall mean this letter contract or Purchase Order.	Jun-11
52.228-7	All CR	Insurance – Liability To Third Persons	Mar-96
52.232-20	All CR	Limitation of Costs (Except that "60 days" is changed to "75 days" in paragraph (b) (1).) (Applies if a fully funded cost-reimbursement contract is contemplated, except those for consolidated facilities, facilities acquisition, or facilities use, whether or not the contract provides for payment of a fee.)	Apr-84
52.232-22	All CR	Limitation of Funds (Except that "60 days" is changed to "75 days" in paragraph (c) (1).) (Applies if an incrementally funded cost-reimbursement contract is contemplated.)	Apr-84
52.243-2 & Alt II	All CR	Changes – Cost Reimbursement	Aug-87 & Apr-84
52.243-6	All CR	Change Order Accounting	Apr-84
52.246-3	All CR	Inspection of Supplies - Cost Reimbursement	May-01
52.246-5	All CR	Inspection of Services - Cost Reimbursement	Apr-84
52.246-6	All T&M and LH	Inspection – Time and Material and Labor Hour	May-01
52.249-6 & Alt IV	All CR, T&M, or LH	Termination (Cost Reimbursement) - (Paragraph (d) is changed from "120 days" to 60 "days" and paragraph (f) is changed from "one year" to "six months". Delete Section (j) and use Alt. IV for Time & Material or Labor Hour Contracts.)	May-04 (T&M and LH) ALT IV (Sep-96) (Modified)
52.249-14	All CR, T&M, or LH	Excusable Delays	Apr-84

FAR/DFARS CLAUSES MODIFIED TO READ AS SHOWN AND INCORPORATED IN FULL TEXT

1. **52.215-10, PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA (AUG 2011)** (Modified to read as shown below.)(Applies if this order exceeds the applicable threshold for submission of cost or pricing data (FAR 15.403-4) for SELLER or lower-tier subcontractor on the date of agreement on price or the date of award, whichever is later.
 - a. For purposes hereunder, the term "contract" shall include letter contracts, Purchase Order, delivery order or task order, or any other contractual vehicle between the BUYER and the SELLER.
 - b. If any price, including profit or fee, negotiated in connection with this contract, or any cost reimbursable under this contract, was increased by any significant amount because –
 - i. The SELLER or a lower-tier subcontractor furnished certified cost or pricing data that were not complete, accurate, and current as certified in its Certificate of Current Cost or Pricing Data;
 - ii. A lower-tier subcontractor or prospective lower-tier subcontractor furnished the SELLER certified cost or pricing data that were not complete, accurate, and current as certified in the SELLER's Certificate of Current Cost or Pricing Data; or
 - iii. Any of these parties furnished data of any description that were not accurate, the price or cost shall be reduced accordingly and the contract shall be modified to reflect the reduction.
 - c. Any reduction in the contract price under paragraph (a) of this clause due to defective data from a prospective lower-tier subcontractor that was not subsequently awarded the lower-tier subcontract shall be limited to the amount, plus applicable overhead and profit markup, by which—
 - i. The actual lower-tier subcontract; or
 - ii. The actual cost to the SELLER, if there was no lower-tier subcontract, was less than the prospective lower-tier subcontract cost estimate submitted by the SELLER; provided, that the actual lower-tier subcontract price was not itself affected by defective cost or pricing data.
 - d. If the BUYER's Contracting Officer determines under paragraph (a) of this clause applicable to BUYER's prime contract that a price or cost reduction should be made to BUYER's prime contract and BUYER determines under paragraph (a) of this clause that a price or cost reduction should be made to this contract, the SELLER agrees not to raise the following matters as a defense:
 - i. The SELLER or lower-tier subcontractor was a sole source supplier or otherwise was in a superior bargaining position and thus the price of the contract would not have been modified even if accurate, complete, and current cost or pricing data had been submitted.
 - ii. The BUYER should have known that the cost or pricing data in issue were defective even though the SELLER or lower-tier subcontractor took no affirmative action to bring the character of the data to the attention of the BUYER.
 - iii. The contract was based on an agreement about the total cost of the contract and there was no agreement about the cost of each item procured under the contract.
 - iv. The SELLER or lower-tier subcontractor did not submit a Certificate of Current Cost or Pricing Data.

- e. Except as prohibited by subdivision (e)(iii) of this clause, an offset in an amount determined appropriate by the BUYER based upon the facts shall be allowed against the amount of a contract price reduction if—
 - i. The SELLER certifies to the BUYER that, to the best of the SELLER's knowledge and belief, the SELLER is entitled to the offset in the amount requested; and
 - ii. (B) The SELLER proves that the cost or pricing data were available before the "as of" date specified on its Certificate of Current Cost or Pricing Data, and that the data were not submitted before such date.
 - iii. An offset shall not be allowed if—
 - 1. The understated data were known by the SELLER to be understated before the "as of" date specified on its Certificate of Current Cost or Pricing Data; or
 - 2. The BUYER or the Government proves that the facts demonstrate that the contract price would not have increased in the amount to be offset even if the available data had been submitted before the "as of" date specified on its Certificate of Current Cost or Pricing Data.
- f. If any reduction in the contract price under this clause reduces the price of items for which payment was made prior to the date of the modification reflecting the price reduction, the SELLER shall be liable to and shall pay the BUYER at the time such overpayment is repaid—
 - i. Interest compounded daily, as required by [26 U.S.C. 6622](#), on the amount of such overpayment to be computed from the date(s) of overpayment to the SELLER to the date the Government is repaid by the SELLER at the applicable underpayment rate effective for each quarter prescribed by the Secretary of the Treasury under [26 U.S.C. 6621\(a\)\(2\)](#); and
 - ii. penalty equal to the amount of the overpayment, if the SELLER or lower-tier subcontractor knowingly submitted cost or pricing data that were incomplete, inaccurate, or noncurrent.

2. 52.215-19, NOTIFICATION OF OWNERSHIP CHANGES (OCT 1997) (Modified to read as shown below.)

This clause applies to solicitations and orders that meet the applicability requirements of FAR 15.408(k) (e.g., for which it is contemplated that cost or pricing data will be required or for which any pre-award or post-award cost determination will be subject to Part 31.2.

- a. The SELLER shall make the following notifications in writing:
 - i. When the SELLER becomes aware that a change in its ownership has occurred, or it is certain to occur, that could result in changes in the valuation of its capitalized assets in the accounting records, the SELLER shall notify the BUYER within 10 (ten) working days of the effective date of the change or of becoming aware if the prospective change, whichever is earlier.
 - ii. The SELLER shall also notify the BUYER within 10 (ten) working days of the effective date of the change or of becoming aware if the prospective change, whichever is earlier, whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership.
- b. The SELLER shall —
 - iii. Maintain current, accurate, and complete inventory records of assets and their costs;
 - iv. Provide the Government, BUYER or the designated representative of either ready access to the records upon request;
 - v. Ensure that all individual and grouped assets, their capitalized values, accumulated depreciation or amortization, and remaining useful lives are identified accurately before and after each of the SELLER's ownership changes; and
 - vi. Retain and continue to maintain depreciation and amortization schedules based on the asset records maintained before each SELLER ownership change.
- c. The SELLER shall include the substance of this clause in all contracts that meet the applicability requirement of FAR 15.408(k).

3. 52.219-9 SMALL BUSINESS SUBCONTRACTING PLAN (DEVIATION 2018-00018) (Aug 2018)--ALTERNATE II (Nov 2016)

- a. This clause does not apply to small business concerns.
- b. Definitions. As used in this clause--

"Alaska Native Corporation (ANC)" means any Regional Corporation, Village Corporation, Urban Corporation, or Group Corporation organized under the laws of the State of Alaska in accordance with the Alaska Native Claims Settlement Act, as amended ([43 U.S.C. 1601](#), et seq.) and which is considered a minority and economically disadvantaged concern under the criteria at [43 U.S.C. 1626\(e\)\(1\)](#). This definition also includes ANC direct and indirect subsidiary corporations, joint ventures, and partnerships that meet the requirements of [43 U.S.C. 1626\(e\)\(2\)](#).

"Commercial item" means a product or service that satisfies the definition of commercial item in section [2.101](#) of the Federal Acquisition Regulation.

"Commercial plan" means a subcontracting plan (including goals) that covers the offeror's fiscal year and that applies to the entire production of commercial items sold by either the entire company or a portion thereof (e.g., division, plant, or product line).

"Electronic Subcontracting Reporting System (eSRS)" means the Governmentwide, electronic, web-based system for small business subcontracting program reporting. The eSRS is located at <http://www.esrs.gov>.

"Indian tribe" means any Indian tribe, band, group, pueblo, or community, including native villages and native groups (including corporations organized by Kenai, Juneau, Sitka, and Kodiak) as defined in the Alaska Native Claims Settlement Act ([43 U.S.C.A. 1601](#) et seq.), that is recognized by the Federal Government as eligible for services from the Bureau of Indian Affairs in accordance with [25 U.S.C. 1452\(c\)](#). This definition also includes Indian-owned economic enterprises that meet the requirements of [25 U.S.C. 1452\(e\)](#).

“Individual contract plan” means a subcontracting plan that covers the entire contract period (including option periods), applies to a specific contract, and has goals that are based on the offeror’s planned subcontracting in support of the specific contract, except that indirect costs incurred for common or joint purposes may be allocated on a prorated basis to the contract.

“Master plan” means a subcontracting plan that contains all the required elements of an individual contract plan, except goals, and may be incorporated into individual contract plans, provided the master plan has been approved.

“Subcontract” means any agreement (other than one involving an employer-employee relationship) entered into by a Federal Government prime Contractor or subcontractor calling for supplies or services required for performance of the contract or subcontract.

- c. Proposals submitted in response to this solicitation shall include a subcontracting plan that separately addresses subcontracting with small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns. If the offeror is submitting an individual contract plan, the plan must separately address subcontracting with small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns, with a separate part for the basic contract and separate parts for each option (if any). The plan shall be included in and made a part of the resultant contract. The subcontracting plan shall be negotiated within the time specified by the Contracting Officer. Failure to submit and negotiate a subcontracting plan shall make the offeror ineligible for award of a contract.
- d. The offeror’s subcontracting plan shall include the following:
 1. Goals, expressed in terms of percentages of total planned subcontracting dollars, for the use of small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns as subcontractors. The offeror shall include all subcontracts that contribute to contract performance, and may include a proportionate share of products and services that are normally allocated as indirect costs. In accordance with 43 U.S.C. 1626:
 - i. Subcontracts awarded to an ANC or Indian tribe shall be counted towards the subcontracting goals for small business and small disadvantaged business (SDB) concerns, regardless of the size or Small Business Administration certification status of the ANC or Indian tribe.
 - ii. Where one or more subcontractors are in the subcontract tier between the prime contractor and the ANC or Indian tribe, the ANC or Indian tribe shall designate the appropriate contractor(s) to count the subcontract towards its small business and small disadvantaged business subcontracting goals.
 - A. In most cases, the appropriate Contractor is the Contractor that awarded the subcontract to the ANC or Indian tribe.
 - B. If the ANC or Indian tribe designates more than one Contractor to count the subcontract toward its goals, the ANC or Indian tribe shall designate only a portion of the total subcontract award to each Contractor. The sum of the amounts designated to various Contractors cannot exceed the total value of the subcontract.
 - C. The ANC or Indian tribe shall give a copy of the written designation to the Contracting Officer, the prime Contractor, and the subcontractors in between the prime Contractor and the ANC or Indian tribe within 30 days of the date of the subcontract award.
 - D. If the Contracting Officer does not receive a copy of the ANC’s or the Indian tribe’s written designation within 30 days of the subcontract award, the Contractor that awarded the subcontract to the ANC or Indian tribe will be considered the designated Contractor.
 2. A statement of --
 - i. Total dollars planned to be subcontracted for an individual contract plan; or the offeror’s total projected sales, expressed in dollars, and the total value of projected subcontracts to support the sales for a commercial plan;
 - ii. Total dollars planned to be subcontracted to small business concerns (including ANC and Indian tribes);
 - iii. Total dollars planned to be subcontracted to veteran-owned small business concerns;
 - iv. Total dollars planned to be subcontracted to service-disabled veteran-owned small business;
 - v. Total dollars planned to be subcontracted to HUBZone small business concerns;
 - vi. Total dollars planned to be subcontracted to small disadvantaged business concerns (including ANCs and Indian tribes); and
 - vii. Total dollars planned to be subcontracted to women-owned small business concerns.
 3. A description of the principal types of supplies and services to be subcontracted, and an identification of the types planned for subcontracting to --
 - i. Small business concerns,
 - ii. Veteran-owned small business concerns;
 - iii. Service-disabled veteran-owned small business concerns;
 - iv. HUBZone small business concerns;
 - v. Small disadvantaged business concerns, and
 - vi. Women-owned small business concerns.
 4. A description of the method used to develop the subcontracting goals in paragraph (d)(1) of this clause.
 5. A description of the method used to identify potential sources for solicitation purposes (e.g., existing company source lists, the System for Award Management (SAM), veterans service organizations, the National Minority Purchasing Council Vendor Information Service, the Research and Information Division of the Minority Business Development Agency in the Department of Commerce, or small, HUBZone, small disadvantaged, and women-owned small business trade associations). A firm may rely on the information contained in SAM as an accurate representation of a concern’s size and ownership characteristics for the purposes of maintaining a small, veteran-owned small, service-disabled veteran-owned small, HUBZone small, small disadvantaged, and women-owned small business source list. Use of SAM as its source list does not relieve a firm of its responsibilities (e.g., outreach, assistance, counseling, or publicizing subcontracting opportunities) in this clause.
 6. A statement as to whether or not the offeror included indirect costs in establishing subcontracting goals, and a description of the method used to determine the proportionate share of indirect costs to be incurred with --
 - i. Small business concerns (including ANC and Indian tribes);
 - ii. Veteran-owned small business concerns;
 - iii. Service-disabled veteran-owned small business concerns;
 - iv. HUBZone small business concerns;
 - v. Small disadvantaged business concerns (including ANC and Indian tribes); and
 - vi. Women-owned small business concerns.
 7. The name of the individual employed by the offeror who will administer the offeror’s subcontracting program, and a description of the duties of the individual.

8. A description of the efforts the offeror will make to assure that small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns have an equitable opportunity to compete for subcontracts.
9. Assurances that the offeror will include the clause of this contract entitled "Utilization of Small Business Concerns" in all subcontracts that offer further subcontracting opportunities, and that the offeror will require all subcontractors (except small business concerns) that receive subcontracts in excess of \$700,000 (\$1,500,000 for construction of any public facility with further subcontracting possibilities) to adopt a plan similar to the plan that complies with the requirements of this clause.
10. Assurances that the offeror will --
 - i. Cooperate in any studies or surveys as may be required;
 - ii. Submit periodic reports so that the Government can determine the extent of compliance by the offeror with the subcontracting plan;
 - iii. Submit the Individual Subcontract Report (ISR) and/or the Summary Subcontract Report (SSR), in accordance with paragraph (I) of this clause using the Electronic Subcontracting Reporting System (eSRS) at <http://www.esrs.gov>. The reports shall provide information on subcontract awards to small business concerns (including ANCs and Indian tribes that are not small businesses), veteran-owned small business concerns, service-disabled veteran-owned small business concerns, HUBZone small business concerns, small disadvantaged business concerns (including ANCs and Indian tribes that have not been certified by the Small Business Administration as small disadvantaged businesses), women-owned small business concerns, and for NASA only, Historically Black Colleges and Universities and Minority Institutions. Reporting shall be in accordance with this clause, or as provided in agency regulations;
 - iv. Ensure that its subcontractors with subcontracting plans agree to submit the ISR and/or the SSR using eSRS;
 - v. Provide its prime contract number, its DUNS number, and the e-mail address of the offeror's official responsible for acknowledging receipt of or rejecting the ISRs, to all first-tier subcontractors with subcontracting plans so they can enter this information into the eSRS when submitting their ISRs; and
 - vi. Require that each subcontractor with a subcontracting plan provide the prime contract number, its own DUNS number, and the e-mail address of the subcontractor's official responsible for acknowledging receipt of or rejecting the ISRs, to its subcontractors with subcontracting plans.
11. A description of the types of records that will be maintained concerning procedures that have been adopted to comply with the requirements and goals in the plan, including establishing source lists; and a description of the offeror's efforts to locate small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns and award subcontracts to them. The records shall include at least the following (on a plant-wide or company-wide basis, unless otherwise indicated):
 - i. Source lists (e.g., SAM), guides, and other data that identify small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns.
 - ii. Organizations contacted in an attempt to locate sources that are small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, or women-owned small business concerns.
 - iii. Records on each subcontract solicitation resulting in an award of more than \$150,000, indicating --
 - A. Whether small business concerns were solicited and if not, why not;
 - B. Whether veteran-owned small business concerns were solicited and, if not, why not;
 - C. Whether service-disabled veteran-owned small business concerns were solicited and, if not, why not;
 - D. Whether HUBZone small business concerns were solicited and, if not, why not;
 - E. Whether small disadvantaged business concerns were solicited and if not, why not;
 - F. Whether women-owned small business concerns were solicited and if not, why not; and
 - G. If applicable, the reason award was not made to a small business concern.
 - iv. Records of any outreach efforts to contact --
 - A. Trade associations;
 - B. Business development organizations;
 - C. Conferences and trade fairs to locate small, HUBZone small, small disadvantaged, and women-owned small business sources; and
 - D. Veterans service organizations.
 - v. Records of internal guidance and encouragement provided to BUYERs through --
 - A. Workshops, seminars, training, etc., and
 - B. Monitoring performance to evaluate compliance with the program's requirements.
 - vi. On a contract-by-contract basis, records to support award data submitted by the offeror to the Government, including the name, address, and business size of each subcontractor. Contractors having commercial plans need not comply with this requirement.
9. Assurances that the Offeror will make a good faith effort to acquire articles, equipment, supplies, services, or materials, or obtain the performance of construction work from the small business concerns that it used in preparing the bid or proposal, in the same or greater scope, amount, and quality used in preparing and submitting the bid or proposal. Responding to a request for a quote does not constitute use in preparing a bid or proposal. The Offeror used a small business concern in preparing the bid or proposal if--
 - i. The Offeror identifies the small business concern as a subcontractor in the bid or proposal or associated small business subcontracting plan, to furnish certain supplies or perform a portion of the subcontract; or
 - ii. The Offeror used the small business concern's pricing or cost information or technical expertise in preparing the bid or proposal, where there is written evidence of an intent or understanding that the small business concern will be awarded a subcontract for the related work if the Offeror is awarded the contract.
10. Assurances that the Contractor will provide the Contracting Officer with a written explanation if the Contractor fails to acquire articles, equipment, supplies, services or materials or obtain the performance of construction work as described in (d)(12) of this clause. This written explanation must be submitted to the Contracting Officer within 30 days of contract completion.
11. Assurances that the Contractor will not prohibit a subcontractor from discussing with the Contracting Officer any material matter pertaining to payment to or utilization of a subcontractor.
12. Assurances that the offeror will pay its small business subcontractors on time and in accordance with the terms and conditions of the underlying subcontract, and notify the contracting officer when the prime contractor makes either a reduced or an untimely payment to a small business subcontractor (see 52.242-5).

- e. In order to effectively implement this plan to the extent consistent with efficient contract performance, the Contractor shall perform the following functions:
 1. Assist small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns by arranging solicitations, time for the preparation of bids, quantities, specifications, and delivery schedules so as to facilitate the participation by such concerns. Where the Contractor's lists of potential small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business subcontractors are excessively long, reasonable effort shall be made to give all such small business concerns an opportunity to compete over a period of time.
 2. Provide adequate and timely consideration of the potentialities of small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns in all "make-or-buy" decisions.
 3. Counsel and discuss subcontracting opportunities with representatives of small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business firms.
 4. Confirm that a subcontractor representing itself as a HUBZone small business concern is identified as a certified HUBZone small business concern by accessing the SAM database or by contacting SBA.
 5. Provide notice to subcontractors concerning penalties and remedies for misrepresentations of business status as small, veteran-owned small business, HUBZone small, small disadvantaged or women-owned small business for the purpose of obtaining a subcontract that is to be included as part or all of a goal contained in the Contractor's subcontracting plan.
 6. For all competitive subcontracts over the simplified acquisition threshold in which a small business concern received a small business preference, upon determination of the successful subcontract offeror, the Contractor must inform each unsuccessful small business subcontract offeror in writing of the name and location of the apparent successful offeror prior to award of the contract.
- f. A master plan on a plant or division-wide basis that contains all the elements required by paragraph (d) of this clause, except goals, may be incorporated by reference as a part of the subcontracting plan required of the offeror by this clause; provided --
 1. The master plan has been approved;
 2. The offeror ensures that the master plan is updated as necessary and provides copies of the approved master plan, including evidence of its approval, to the Contracting Officer; and
 3. Goals and any deviations from the master plan deemed necessary by the Contracting Officer to satisfy the requirements of this contract are set forth in the individual subcontracting plan.
- g. A commercial plan is the preferred type of subcontracting plan for contractors furnishing commercial items. The commercial plan shall relate to the offeror's planned subcontracting generally, for both commercial and Government business, rather than solely to the Government contract. Once the Contractor's commercial plan has been approved, the Government will not require another subcontracting plan from the same Contractor while the plan remains in effect, as long as the product or service being provided by the Contractor continues to meet the definition of a commercial item. A Contractor with a commercial plan shall comply with the reporting requirements stated in paragraph (d)(10) of this clause by submitting one SSR in eSRS for all contracts covered by its commercial plan. This report shall be acknowledged or rejected in eSRS by the Contracting Officer who approved the plan. This report shall be submitted within 30 days after the end of the Government's fiscal year.
- h. Prior compliance of the offeror with other such subcontracting plans under previous contracts will be considered by the Contracting Officer in determining the responsibility of the offeror for award of the contract.
- i. A contract may have no more than one plan. When a modification meets the criteria in 19.702 for a plan, or an option is exercised, the goals associated with the modification or option shall be added to those in the existing subcontract plan.
- j. Subcontracting plans are not required from subcontractors when the prime contract contains the clause at 52.212-5, Contract Terms and Conditions Required to Implement Statutes or Executive Orders--Commercial Items, or when the subcontractor provides a commercial item subject to the clause at 52.244-6, Subcontracts for Commercial Items, under a prime contract.
- k. The failure of the Contractor or subcontractor to comply in good faith with --
 1. The clause of this contract entitled "Utilization Of Small Business Concerns;" or
 2. An approved plan required by this clause, shall be a material breach of the contract.
- l. The Contractor shall submit ISRs and SSRs using the web-based eSRS at <http://www.esrs.gov>. Purchases from a corporation, company, or subdivision that is an affiliate of the prime Contractor or subcontractor are not included in these reports. Subcontract award data reported by prime Contractors and subcontractors shall be limited to awards made to their immediate next-tier subcontractors. Credit cannot be taken for awards made to lower tier subcontractors, unless the Contractor or subcontractor has been designated to receive a small business or small disadvantaged business credit from an ANC or Indian tribe. subcontracts involving performance in the United States or its outlying areas should be included in these reports with the exception of subcontracts under a contract awarded by the State Department or any other agency that has statutory or regulatory authority to require subcontracting plans for subcontracts performed outside the United States and its outlying areas.
 1. ISR. This report is not required for commercial plans. The report is required for each contract containing an individual subcontract plan.
 - i. The report shall be submitted semi-annually during contract performance for the periods ending March 31 and September 30. A report is also required for each contract within 30 days of contract completion. Reports are due 30 days after the close of each reporting period, unless otherwise directed by the Contracting Officer. Reports are required when due, regardless of whether there has been any subcontracting activity since the inception of the contract or the previous reporting period.
 - ii. When a subcontracting plan contains separate goals for the basic contract and each option, as prescribed by FAR 19.704(c), the dollar goal inserted on this report shall be the sum of the base period through the current option; for example, for a report submitted after the second option is exercised, the dollar goal would be the sum of the goals for the basic contract, the first option, and the second option.
 - iii. The authority to acknowledge receipt or reject the ISR resides--
 - A. In the case of the prime Contractor, with the Contracting Officer; and
 - B. In the case of a subcontract with a subcontracting plan, with the entity that awarded the subcontract.
 2. SSR.
 - i. Reports submitted under individual contract plans--
 - A. This report encompasses all subcontracting under prime contracts and subcontracts with the awarding agency, regardless of the dollar value of the subcontracts.
 - B. The report may be submitted on a corporate, company or subdivision (e.g. plant or division operating as a separate profit center) basis, unless otherwise directed by the agency.
 - C. If a prime contractor and/or subcontractor is performing work for more than one executive agency, a separate report shall be submitted to each executive agency covering only that agency's contracts, provided at least one of that agency's contracts is over \$700,000 (over

\$1.5 million for construction of a public facility) and contains a subcontracting plan. For DoD, a consolidated report shall be submitted for all contracts awarded by military departments/agencies and/or subcontracts awarded by DoD prime Contractors.

D. The consolidated SSR shall be submitted annually for the twelve month period ending September 30. The report is due 30 days after the close of the reporting period.

E. Subcontract awards that are related to work for more than one executive agency shall be appropriately allocated.

F. The authority to acknowledge or reject SSRs in eSRs, including SSRs submitted by subcontractors with subcontracting plans, resides with the Government agency awarding the prime contracts unless stated otherwise in the contract.

ii. Reports submitted under a commercial plan--

A. The report shall include all subcontract awards under the commercial plan in effect during the Government's fiscal year.

B. The report shall be submitted annually, within thirty days after the end of the Government's fiscal year.

C. If a Contractor has a commercial plan and is performing work for more than one executive agency, the Contractor shall specify the percentage of dollars attributable to each agency from which contracts for commercial items were received.

D. The authority to acknowledge or reject SSRs for commercial plans resides with the Contracting Officer who approved the commercial plan.

4. 52.222-54, EMPLOYMENT ELIGIBILITY VERIFICATION ("E-Verify") (Oct 2015) (Modified to read as shown below.)

This Purchase Order is a subcontract under a U.S. Government prime contract.

a. Applicability: This clause applies, appropriately modified for identification of the parties, in each subcontract/letter contract/Purchase Order that—

i. Is for—

1. Commercial or noncommercial services (except for commercial services that are part of the purchase of a COTS item (or an item that would be a COTS item, but for minor modifications), performed by the COTS provider, and are normally provided for that COTS item); or
2. Construction;
3. Has a value of more than U.S. \$3,500; and
4. Includes work performed in the United States; and
5. Has a period of performance of one hundred twenty (120) days or more.

b. When this clause applies, it requires enrollment as a "voluntary employer" or as a U.S. Federal Contractor in the E-Verify program within the specified period of time.

c. Verification of Enrollment: SELLER is to provide the BUYER with a copy (printout or print screen image) of its company administration screen in E-verify in order to verify subcontractor compliance. Note: It is the screen which shows that the company is a registered participant in E-verify and indicates whether it is participating as a "voluntary employer" or as a "federal contractor".)

d. Definitions. As used in this clause—

i. "Commercially available off-the-shelf (COTS) item"—

1. Means any item of supply that is—
 - a. A commercial item (as defined in paragraph (1) of the definition at [2.101](#));
2. Sold in substantial quantities in the commercial marketplace; and
3. Offered to the Government, without modification, in the same form in which it is sold in the commercial marketplace; and
4. Does not include bulk cargo, as defined in [46 U.S.C. 40102\(4\)](#), such as agricultural products and petroleum products. Per 46 CFR 525.1 (c)(2), "bulk cargo" means cargo that is loaded and carried in bulk onboard ship without mark or count, in a loose unpackaged form, having homogenous characteristics. Bulk cargo loaded into intermodal equipment, except LASH or Seabee barges, is subject to mark and count and, therefore, ceases to be bulk cargo.

ii. "Employee assigned to the contract" means an employee who was hired after November 6, 1986 (after November 27, 2009 in the Commonwealth of the Northern Mariana Islands), who is directly performing work, in the United States, under a contract that is required to include the clause prescribed at [22.1803](#). An employee is not considered to be directly performing work under a contract if the employee—

1. Normally performs support work, such as indirect or overhead functions; and
2. Does not perform any substantial duties applicable to the contract.

iii. "Subcontract" means any contract, as defined in [2.101](#), entered into by a subcontractor to furnish supplies or services for performance of a prime contract or a subcontract. It includes but is not limited to Purchase Orders, and changes and modifications to Purchase Orders.

iv. "Subcontractor" means any supplier, distributor, vendor, or firm that furnishes supplies or services to or for a prime Contractor or another subcontractor.

v. "United States", as defined in [8 U.S.C. 1101\(a\)\(38\)](#), means the 50 States, the District of Columbia, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands and the U.S. Virgin Islands.

e. **Enrollment and verification requirements.** (1) If the SELLER is not enrolled as a Federal Contractor in E-Verify at time of subcontract award, the SELLER shall—

- i. *Enroll*. Enroll as a Federal Contractor in the E-Verify program within 30 calendar days of this subcontract award;
- ii. *Verify all new employees*. Within 90 calendar days of enrollment in the E-Verify program, begin to use E-Verify to initiate verification of employment eligibility of all new hires of the SELLER, who are working in the United States, whether or not assigned to the contract, within 3 business days after the date of hire (but see paragraph (b)(3) of this section); and
- iii. *Verify employees assigned to the contract*. For each employee assigned to this subcontract, initiate verification within 90 calendar days after date of enrollment or within 30 calendar days of the employee's assignment to the subcontract, whichever date is later (but see paragraph (b)(4) of this section).
- iv. If the SELLER is enrolled as a Federal Contractor in E-Verify at time of subcontract award, the SELLER shall use E-Verify to initiate verification of employment eligibility of—
 - v. *All new employees*. (A) *Enrolled 90 calendar days or more*. The SELLER shall initiate verification of all new hires of the SELLER, who are working in the United States, whether or not assigned to the contract, within 3 business days after the date of hire (but see paragraph (b)(3) of this section); or
 - vi. *Enrolled less than 90 calendar days*. Within 90 calendar days after enrollment as a Federal Contractor in E-Verify, the SELLER shall initiate verification of all new hires of the SELLER, who are working in the United States, whether or not assigned to the subcontract, within 3 business days after the date of hire (but see paragraph (b)(3) of this section); or

- vii. *Employees assigned to the contract.* For each employee assigned to the subcontract, the SELLER shall initiate verification within 90 calendar days after date of subcontract award or within 30 days after assignment to the subcontract, whichever date is later (but see paragraph (b)(4) of this section).
- viii. If the SELLER is an institution of higher education (as defined at [20 U.S.C. 1001\(a\)](#)); a State or local government or the government of a Federally recognized Indian tribe; or a surety performing under a takeover agreement entered into with a Federal agency pursuant to a performance bond, the SELLER may choose to verify only employees assigned to the subcontract, whether existing employees or new hires. The SELLER shall follow the applicable verification requirements at (b)(1) or (b)(2) respectively, except that any requirement for verification of new employees applies only to new employees assigned to the subcontract.
- ix. *Option to verify employment eligibility of all employees.* The SELLER may elect to verify all existing employees hired after November 6, 1986 (after November 27, 2009, in the Commonwealth of the Northern Mariana Islands), rather than just those employees assigned to the subcontract. The SELLER shall initiate verification for each existing employee working in the United States who was hired after November 6, 1986 (after November 27, 2009, in the Commonwealth of the Northern Mariana Islands), within 180 calendar days of—
 - 1. Enrollment in the E-Verify program; or
 - 2. Notification to E-Verify Operations of the SELLER's decision to exercise this option, using the contact information provided in the E-Verify program Memorandum of Understanding (MOU).
- f. The SELLER shall comply, for the period of performance of this contract, with the requirements of the E-Verify program MOU.
- g. The Department of Homeland Security (DHS) or the Social Security Administration (SSA) may terminate the SELLER's MOU and deny access to the E-Verify system in accordance with the terms of the MOU. In such case, the SELLER will be referred to a suspension or debarment official.
- h. During the period between termination of the MOU and a decision by the suspension or debarment official whether to suspend or debar, the SELLER is excused from its obligations under paragraph (b) of this clause. If the suspension or debarment official determines not to suspend or debar the SELLER, then the SELLER must re-enroll in E-Verify.
- i. **Web site.** Information on registration for and use of the E-Verify program can be obtained via the Internet at the Department of Homeland Security Web site: <http://www.dhs.gov/E-Verify>.
- j. **Individuals previously verified.** The SELLER is not required by this clause to perform additional employment verification using E-Verify for any employee—
 - i. Whose employment eligibility was previously verified by the SELLER through the E-Verify program;
 - ii. Who has been granted and holds an active U.S. Government security clearance for access to confidential, secret, or top secret information in accordance with the National Industrial Security Program Operating Manual; or
 - iii. Who has undergone a completed background investigation and been issued credentials pursuant to Homeland Security Presidential Directive (HSPD)-12, Policy for a Common Identification Standard for Federal Employees and Contractors.
- k. **Subcontracts.** The SELLER shall include the requirements of this clause, including this paragraph (e) (appropriately modified for identification of the parties), in each subcontract that—
 - i. Is for —
 - 1. Commercial or noncommercial services (except for commercial services that are part of the purchase of a COTS item (or an item that would be a COTS item, but for minor modifications), performed by the COTS provider, and are normally provided for that COTS item); or
 - 2. Construction;
 - 3. Has a value of more than \$3,500; and
 - ii. Includes work performed in the United States.

FAR/DFARS CLAUSES MODIFIED AND INCORPORATED IN FULL TEXT – FIXED PRICE

5. **52.243-1, CHANGES – FIXED PRICE (Aug 1987) & ALT II (Apr 1984)** (Modified to read as shown below.)
- a. The BUYER may at any time, by written order, and without notice to the sureties, if any, make changes within the general scope of this Purchase Order in any one or more of the following:
 - i. Drawings, designs, or specifications when the supplies to be furnished are to be specially manufactured for the BUYER or the Government in accordance with the drawings, designs, or specifications.
 - ii. Method of shipment or packing.
 - iii. Place of delivery.
 - iv. Inspection Standards.
 - v. Place or time of inspection.
 - b. If any such change causes an increase or decrease in the cost of, or the time required for, performance of any part of the work under this contract, whether or not changed by the order, the BUYER shall make an equitable adjustment in the Purchase Order price, the delivery schedule, or both, and shall modify the Purchase Order.
 - c. The SELLER must assert its right to an adjustment under this clause within 20 days from the date of receipt of the written order. However, if the BUYER decides that the facts justify it, the BUYER may receive and act upon a proposal submitted before final payment of the Purchase Order.
 - d. If the SELLER's proposal includes the cost of property made obsolete or excess by the change, the BUYER shall have the right to prescribe the manner of the disposition of the property.
 - e. Failure to agree to any adjustment shall be a dispute under the Disputes clause of this Purchase Order. However, nothing in this clause shall excuse the SELLER from proceeding with the contract as changed.
 - f. Alternate I (Apr 1984). If the requirement is for services, other than architect-engineer or other professional services, and no supplies are to be furnished, substitute the following paragraph (a) for paragraph (a) of the basic clause:
 - i. The BUYER may at any time, by written order, and without notice to the sureties, if any, make changes within the general scope of this Purchase Order in any one or more of the following:
 - 1. Description of services to be performed.
 - 2. Time of performance (i.e., hours of the day, days of the week, etc.).
 - 3. Place of performance of the services.
 - g. Alternate II (Apr 1984). If the requirement is for services (other than architect-engineer services, transportation, or research and development) and supplies are to be furnished, substitute the following paragraph (a) for paragraph (a) of the basic clause:
 - i. The BUYER may at any time, by written order, and without notice to the sureties, if any, make changes within the general scope of this Purchase Order in any one or more of the following:
 - 1. Description of services to be performed.

2. Time of performance (i.e., hours of the day, days of the week, etc.).
3. Place of performance of the services.
4. Drawings, designs, or specifications when the supplies to be furnished are to be specially manufactured for the BUYER or the Government, in accordance with the drawings, designs, or specifications.
5. Method of shipment or packing of supplies.
6. Place of delivery.
7. Inspection Standards
8. Place or time of inspection.

6. 52.246-2 INSPECTION OF SUPPLIES - FIXED PRICE (Aug 1996), Modified to read as shown below.

- a. Definition. "Supplies," as used in this clause, includes but is not limited to raw materials, components, intermediate assemblies, end products, and lots of supplies.
- b. Inspection System & Inspection. The SELLER and its suppliers shall establish and maintain an inspection system acceptable to the BUYER and the Government covering supplies under this Purchase Order. SELLER shall tender to the BUYER for acceptance only supplies that have been inspected in accordance with the inspection system and have been found by the SELLER to be in conformity with Purchase Order requirements. As part of the system, the SELLER shall prepare records evidencing all inspections made under the system and the outcome. These records shall be kept complete and made available to the BUYER and/or the Government during Purchase Order performance and for as long afterwards as the Purchase Order requires. The BUYER or the Government 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 Purchase Order work. The right of review, whether exercised or not, does not relieve the SELLER of the obligations under the Purchase Order.
- c. BUYER and/or the Government have the right to inspect and test all supplies called for by the Purchase Order, to the extent practicable, at all places and times, including the period of manufacture, and in any event before acceptance. BUYER and/or the Government shall perform inspections and tests in a manner that will not unduly delay the work. BUYER assumes no contractual obligation to perform any inspection and test for the benefit of the SELLER unless specifically set forth elsewhere in this Purchase Order. SELLER, at its own expense, shall promptly rectify any defects discovered during any inspection or test.
- d. If the BUYER or the Government performs inspection or test on the premises of the SELLER or a subcontractor, the SELLER shall furnish, and shall require subcontractors to furnish, at no increase in Purchase Order price, all reasonable facilities and assistance for the safe and convenient performance of these duties. Except as otherwise provided in the Purchase Order, BUYER and/or the Government shall bear the expense of inspections or tests made by either of them at other than the SELLER's or subcontractor's premises; provided, that in case of rejection, BUYER and/or the Government shall not be liable for any reduction in the value of inspection or test samples.
- e. When supplies are not ready at the time specified by the SELLER for inspection or test, SELLER shall bear the additional cost of inspection or test.
- f. BUYER may charge the SELLER any additional cost of inspection or test when prior rejection makes re-inspection or retest necessary.
- g. If this Purchase Order provides for the performance of BUYER or Government quality assurance at source, and if requested by BUYER or Government, SELLER shall furnish advance notification of the time (i) when SELLER inspection or tests will be performed in accordance with the terms and conditions of the Purchase Order and (ii) when the supplies will be ready for BUYER and/or Government inspection.
- h. The BUYER and/or Government's request shall specify the period and method of the advance notification and BUYER or Government representative to whom it shall be furnished. Requests shall not require more than 2 workdays of advance notification if the BUYER or Government representative is in residence in the SELLER's plant, nor more than 7 workdays in other instances.
- i. Any rejection of supplies will be handled in accordance with the "Rejection" clause above.
- j. Inspections and tests by the BUYER and/or Government do not relieve the SELLER of responsibility for defects or other failures to meet Purchase Order requirements discovered before acceptance. No inspection, test, delay, failure to inspect or test, or failure to discover any defect or other nonconformance shall relieve SELLER of any of its obligations under this Purchase Order or impair any rights or remedies of BUYER or BUYER's customers. Acceptance shall be conclusive, except for latent defects, fraud, gross mistakes amounting to fraud, or as otherwise provided in the Purchase Order. Payments made shall not be conclusive of acceptance.
- k. If acceptance is not conclusive for any of the reasons in paragraph (j) hereof, BUYER, in addition to any other rights and remedies provided by law, or under other provisions of this Purchase Order, shall have the right to require SELLER:
 - a. at no increase in Purchase Order price, to correct or replace the defective or nonconforming supplies at the original point of delivery or at SELLER's plant at BUYER's election, and in accordance with a reasonable delivery schedule as may be agreed upon between SELLER and BUYER; provided, that BUYER may require a reduction in Purchase Order price if the SELLER fails to meet such delivery schedule, or
 - b. within a reasonable time after receipt by the SELLER of notice of defects or nonconformance, to repay such portion of the Purchase Order price as is equitable under the circumstances if BUYER elects not to require correction or replacement.

When supplies are returned to SELLER, SELLER shall bear the transportation cost from the original point of delivery to SELLER's plant and return to the original point when that point is not the SELLER's plant. If SELLER 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 BUYER may authorize in writing) after receipt of notice from BUYER specifying such failure, BUYER shall have the right by contract or otherwise to replace or correct such supplies and charge to SELLER the cost occasioned BUYER thereby.

7. 52.246-4 INSPECTION OF SERVICES - FIXED PRICE (Aug 1996) (Modified to read as shown below.)

- a. Definitions. "Services," as used in this clause, includes services performed, workmanship, and material furnished or utilized in the performance of services.
- b. The SELLER shall provide and maintain an inspection system acceptable to the BUYER covering the services under this Purchase Order. Complete records of all inspection work performed by the SELLER shall be maintained and made available to the BUYER and/or the Government during Purchase Order performance and for as long afterwards as the Purchase Order requires.
- c. The BUYER and/or the Government shall have the right to inspect and test all services called for by the Purchase Order, to the extent practicable, at all times and places during the term of the Purchase Order. The BUYER and/or the Government shall perform inspections and tests in a manner that will not unduly delay the work. SELLER, at its own expense, shall promptly rectify any defects discovered during any inspection or test.
- d. If the BUYER or the Government performs inspections or tests on the premises of the SELLER or a subcontractor, the SELLER 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.
- e. See Rejection clause.

**FAR/DFARS CLAUSES MODIFIED AND INCORPORATED IN FULL TEXT -
COST REIMBURSEMENT; TIME AND MATERIALS; OR LABOR HOUR**

8. 52.243-2, CHANGES – COST REIMBURSEMENT (Aug 1987) & ALT II (Apr 1984)

(Modified to read as shown below.)

- a. The BUYER may at any time, by written order, and without notice to the sureties, if any, make changes within the general scope of this Purchase Order in any one or more of the following:
 - i. Drawings, designs, or specifications when the supplies to be furnished are to be specially manufactured for the BUYER or the Government in accordance with the drawings, designs, or specifications.
 - ii. Method of shipment or packing.
 - iii. Place of delivery.
 - iv. Inspection Standards.
 - v. Place or time of inspection.
- b. If any such change causes an increase or decrease in the estimated cost of, or the time required for, performance of any part of the work under this Purchase Order, whether or not changed by the order, or otherwise affects any other terms and conditions of this Purchase Order, the BUYER shall make an equitable adjustment in the—
 - i. Estimated cost, delivery or completion schedule, or both.
 - ii. Amount of any fixed fee; and
 - iii. Other affected terms and shall modify the Purchase Order accordingly.
- c. The SELLER must assert its right to an adjustment under this clause within 20 days from the date of receipt of the written order. However, if the BUYER decides that the facts justify it, the BUYER may receive and act upon a proposal submitted before final payment of the Purchase Order.
- d. Failure to agree to any adjustment shall be a dispute under the Disputes clause of this Purchase Order. However, nothing in this clause shall excuse the SELLER from proceeding with the Purchase Order as changed.
- e. Notwithstanding the terms and conditions of paragraphs (a) and (b) of this clause, the estimated cost of this Purchase Order and, if this Purchase Order is incrementally funded, the funds allotted for the performance of this Purchase Order, shall not be increased or considered to be increased except by specific written modification of the Purchase Order indicating the new Purchase Order estimated cost and, if this Purchase Order is incrementally funded, the new amount allotted to the Purchase Order. Until this modification is made, the SELLER shall not be obligated to continue performance or incur costs beyond the point established in the Limitation of Cost or Limitation of Funds clause of this Purchase Order.
- f. Alternate II (Apr 1984). If the requirement is for services and supplies are to be furnished, substitute the following paragraph (a) for paragraph (a) of the basic clause:
 - i. The BUYER may at any time, by written order, and without notice to the sureties, if any, make changes within the general scope of this contract in any one or more of the following:
 1. Description of services to be performed.
 2. Time of performance (*i.e.*, hours of the day, days of the week, etc.).
 3. Place of performance of the services.
 4. Drawings, designs, or specifications when the supplies to be furnished are to be specially manufactured for the BUYER or the Government in accordance with the drawings, designs, or specifications.
 5. Method of shipment or packing of supplies.
 6. Place of delivery.
 7. Inspection Standards
 8. Place or time of inspection.

9. 52.243-3, CHANGES – TIME-AND-MATERIALS OR LABOR HOURS (Sep 2000, Modified to read as follows.)

- a. The BUYER may at any time, by written order, and without notice to the sureties, if any, make changes within the general scope of this Purchase Order in any one or more of the following:
 - i. Description of services to be performed.
 - ii. Time of performance (*i.e.*, hours of the day, days of the week, etc.).
 - iii. Place of performance of the services.
 - iv. Drawings, designs, or specifications when the supplies to be furnished are to be specially manufactured for the BUYER or the Government in accordance with the drawings, designs, or specifications.
 - v. Method of shipment or packing of supplies.
 - vi. Place of delivery.
 - vii. Amount of Government-furnished property.
 - viii. Inspection Standards
 - ix. Place or time of inspection.
- b. If any change causes an increase or decrease in any hourly rate, the ceiling price, or the time required for performance of any part of the work under this Purchase Order, whether or not changed by the order, or otherwise affects any other terms and conditions of this Purchase Order, the BUYER will make an equitable adjustment in any one or more of the following and will modify the Purchase Order accordingly:
 - i. Ceiling price.
 - ii. Hourly rates.
 - iii. Delivery schedule.
 - iv. Other affected terms.
- c. The SELLER shall assert its right to an adjustment under this clause within 20 days from the date of receipt of the written order. However, if the BUYER decides that the facts justify it, the BUYER may receive and act upon a proposal submitted before final payment of the Purchase Order.
- d. Failure to agree to any adjustment will be a dispute under the Disputes clause of this Purchase Order. However, nothing in this clause excuses the SELLER from proceeding with the Purchase Order as changed.

34. 252.204-7010 REQUIREMENT FOR CONTRACTOR TO NOTIFY DOD IF THE CONTRACTOR'S ACTIVITIES ARE SUBJECT TO REPORTING UNDER THE U.S.-INTERNATIONAL ATOMIC ENERGY AGENCY ADDITIONAL PROTOCOL (JAN 2009)

(a) If the Contractor is required to report any of its activities in accordance with Department of Commerce regulations (15 CFR part 781 et seq.) or Nuclear Regulatory Commission regulations (10 CFR part 75) in order to implement the declarations required by the U.S.-International Atomic Energy Agency Additional Protocol (U.S.-IAEA AP), the Contractor shall--

(1) Immediately provide written notification to the following DoD Program Manager:

CAPT Jonathan Rucker
614 SICARD Street, SE 4W190
WASHINGTON NAVY YARD DC 20376 -7034
Email Address: Jonathan.Rucker@Navy.mil
Telephone: 202-781-2582
Fax Num: 202-781-4582

(2) Include in the notification--

(i) Where DoD contract activities or information are located relative to the activities or information to be declared to the Department of Commerce or the Nuclear Regulatory Commission; and

(ii) If or when any current or former DoD contract activities and the activities to be declared to the Department of Commerce or the Nuclear Regulatory Commission have been or will be co-located or located near enough to one another to result in disclosure of the DoD activities during an IAEA inspection or visit; and

(3) Provide a copy of the notification to the Contracting Officer.

(b) After receipt of a notification submitted in accordance with paragraph (a) of this clause, the DoD Program Manager will--

(1) Conduct a security assessment to determine if and by what means access may be granted to the IAEA; or

(2) Provide written justification to the component or agency treaty office for a national security exclusion, in accordance with DoD Instruction 2060.03, Application of the National Security Exclusion to the Agreements Between the United States of America and the International Atomic Energy Agency for the Application of Safeguards in the United States of America. DoD will notify the Contractor if a national security exclusion is applied at the Contractor's location to prohibit access by the IAEA.

(c) If the DoD Program Manager determines that a security assessment is required--

(1) DoD will, at a minimum--

(i) Notify the Contractor that DoD officials intend to conduct an assessment of vulnerabilities to IAEA inspections or visits;

(ii) Notify the Contractor of the time at which the assessment will be conducted, at least 30 days prior to the assessment;

(iii) Provide the Contractor with advance notice of the credentials of the DoD officials who will conduct the assessment; and

(iv) To the maximum extent practicable, conduct the assessment in a manner that does not impede or delay operations at the Contractor's facility; and

(2) The Contractor shall provide access to the site and shall cooperate with DoD officials in the assessment of vulnerabilities to IAEA inspections or visits.

(d) Following a security assessment of the Contractor's facility, DoD officials will notify the Contractor as to--

(1) Whether the Contractor's facility has any vulnerabilities where potentially declarable activities under the U.S.-IAEA AP are taking place;

(2) Whether additional security measures are needed; and

(3) Whether DoD will apply a national security exclusion.

(e) If DoD applies a national security exclusion, the Contractor shall not grant access to IAEA inspectors.

(f) If DoD does not apply a national security exclusion, the Contractor shall apply managed access to prevent disclosure of program activities, locations, or information in the U.S. declaration.

(g) The Contractor shall not delay submission of any reports required by the Department of Commerce or the Nuclear Regulatory Commission while awaiting a DoD response to a notification provided in accordance with this clause.

(h) The Contractor shall incorporate the substance of this clause, including this paragraph (h), in all subcontracts that are subject to the provisions of the U.S.-IAEA AP.

(End)