

29 Jan 87

SUBSECTION 231.1
DPSCM No. 4155.6

INSPECTION COSTS

Reporting Additional Inspection Costs

I. PURPOSE AND SCOPE. To provide instructions for reporting costs for reinspections, inspection of replacement lots and additional inspection caused by determination of unreliable status (see Subsections 203.2, 207.3, 207.4, 209.3, 225.3, and 225.4). This Subsection is applicable to veterinary/medical food inspection personnel and personnel of the U.S. Department of Agriculture (USDA)/U.S. Department of Commerce (USDC).

II. POLICY.

A. Veterinary/medical food inspection personnel shall report additional inspection costs only if they exceed \$25.00 for a lot to the requesting DPSC Personnel performing the contract quality assurance function. (DPSC-HSA, DPSC-HSN, HDSRP-S or HDSRE-S, as applicable).

B. The following are some examples of additional inspection or reinspection costs which should be reported:

1. Costs of inspecting replacement lots, or reinspecting lots reworked by the contractor, and authorized by the Contracting Officer, when the originally offered lots did not conform to contract requirements and were reported as nonconformances.

2. Costs of reinspecting unreworkeed lots, which were reported as nonconformances (when request for reinspection is made by the contractor), unless the results of reinspection indicate conformance and are statistically significantly different from the original inspection results (see Subsections 203.2, 209.3 and 225.3).

3. Increased inspection costs due to additional inspection time, travel, per diem, etc., incurred by the Quality Assurance Representative (QAR) because supplies were not ready for inspection at the time or place indicated by the contractor.

4. Costs associated with verification inspection beginning with and subsequent to the date of contracting officer's letter notifying the contractor that his/her inspection system is unreliable. Contractor's unreliability refers to examinations or testing, or to both phases of inspection. Such costs are to be reported until contractor's reliability has been reestablished. The reported costs may cover one or more Subsistence contracts and may involve one or more Subsistence Contracting Elements (SCEs) (see Subsection 225.4).

5. Other increased examination, testing and overhead costs not limited herein by encompassed by the contract.

C. Contractor Inspection and Contractor Paid USDA/USDC Inspection. When the contractor elects to have the USDA or the USDC perform his/her inspection (or it is required by the terms of the contract to arrange for USDA/USDC inspection), all inspection charges will be borne by the contractor and no report of inspection costs or excess inspection costs is required to be submitted by the USDA/USDC.

D. Government Inspection. When the Contracting Officer has authorized a reinspection, appeal, or new inspection to be done by the USDA/USDC on supplies found nonconforming by the Government QAR, all costs will be reported by USDA/USDC to the personnel performing the contract quality assurance function only if the reinspection, appeal, or new inspection indicate conforming supplies.

III. PROCEDURES.

A. The Quality Assurance Representative shall:

1. Determine travel time and all travel expenses between the point of departure and point of inspection as follows (if travel is by privately owned vehicle, the rate per mile authorized by the travel order, when required, will be included):
 - a. Number of hours traveled and all travel expenses required to point of inspection (exclusive of overnight stops, other inspection, etc.).
 - b. Number of hours traveled and all travel expenses required to point of inspection to the QAR's next duty station (exclusive of overnight stops, other inspection, etc.).
 - c. If a travel order was not required to cover the travel to perform an inspection, the report shall contain a statement to that effect.
2. For ration assembly contracts or contracts for non-food items, compute costs in accordance with DPSCM 4155.5, Subsistence Contractor Inspection Procedures Manual.
3. Prepare report (in duplicate) of charges, using DD Form 1232, Quality Assurance Representative's Correspondence, or receiving report, as applicable, including data as pertinent;
 - a. Reason for increased costs such as:
 - (1) Inspection of replacement lots.
 - (2) Delays in inspection when product was not ready at the time designated.
 - (3) Shipping point was changed for convenience of the contractor after inspection of a lot had been performed.
 - b. The manner in which increased costs were necessitated, such as:
 - (1) Extra trip by QAR.
 - (2) Waiting time or other undue increase in inspection time.
 - (3) Additional inspection caused by the contractor's subsequent withdrawal of inspected and accepted product for the contractor's convenience.
 - (4) Reversion to lot-by-lot verification when the contractor is declared unreliable.
 - c. The number of additional hours of inspection when the contractor is responsible for delays.
4. Forward report (in duplicate) with related inspection documents (Inspection Report Forms, Request for Test, etc.) to the applicable personnel performing the contract quality assurance function. (DPSC-HSA, DPSC-HSN, HDSRP-S or HDSRE-S).

B. DPSC-HSTE shall report laboratory costs to the contracting officer which are incurred while the contractor's Certificate of Conformance or test system is considered to be unreliable and the contracting officer has made proper notification to the contractor.

BY ORDER OF THE COMMANDER

EUGENE MILLER, Jr.
Chief, Administrative Management Branch
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This Subsection supersedes Subsection 231.1, 31 May 85.

*Denotes Changes.