

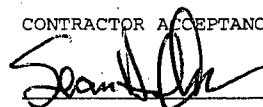
**ORDER FOR SUPPLIES OR SERVICES**

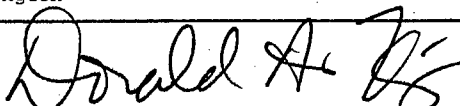
**IMPORTANT: Mark all packages and papers with contract and/or order numbers.**

BPA NO.

1. DATE OF ORDER <b>NOV 2 2006</b>		2. CONTRACT NO. (If any) GS23F8127H		6. SHIP TO:	
3. ORDER NO. DR-09-07-130		MODIFICATION NO.		4. REQUISITION/REFERENCE NO. CFO-07-130	
5. ISSUING OFFICE (Address correspondence to) U.S. Nuclear Regulatory Commission Div. of Contracts/CMB-2 Attn: Jennifer A. DeFino, 301-415-6714 Mail Stop T-7-I-2 Washington, DC 20555				a. NAME OF CONSIGNEE U.S. Nuclear Regulatory Commission Attn: Ruth Spencer	
				b. STREET ADDRESS Mail Stop: T-9-C4	
c. CITY Washington		d. STATE DC		e. ZIP CODE 20555	
7. TO:				f. SHIP VIA	
a. NAME OF CONTRACTOR KPMG L.L.P.				8. TYPE OF ORDER	
b. COMPANY NAME				<input type="checkbox"/> a. PURCHASE <input checked="" type="checkbox"/> b. DELIVERY	
c. STREET ADDRESS 2001 M ST NW				Reference your Please furnish the following on the terms and conditions specified on both sides of this order and on the attached sheet, if any, including delivery as indicated.	
d. CITY WASHINGTON		e. STATE DC		f. ZIP CODE 200363310	
9. ACCOUNTING AND APPROPRIATION DATA B&R: 77N-15-5H1358 Job Code: N7234 BOC: 251A Appr. No.: 31X0200 Obligate: \$224,523.68 FSS Commitment No. CFO07302 Contractor DUNS No. 035207807				10. REQUISITIONING OFFICE CFO	
11. BUSINESS CLASSIFICATION (Check appropriate box(es))				12. F.O.B. POINT N/A	
<input type="checkbox"/> a. SMALL		<input checked="" type="checkbox"/> b. OTHER THAN SMALL		<input type="checkbox"/> c. DISADVANTAGED	
<input type="checkbox"/> d. WOMEN-OWNED		<input type="checkbox"/> e. HUBZone		<input type="checkbox"/> f. EMERGING SMALL BUSINESS	
<input type="checkbox"/> g. SERVICE-DISABLED VETERAN-OWNED					
13. PLACE OF		14. GOVERNMENT B/L NO.		15. DELIVER TO F.O.B. POINT ON OR BEFORE (Date)	
a. INSPECTION		b. ACCEPTANCE		16. DISCOUNT TERMS	

17. SCHEDULE (See reverse for Rejections)

ITEM NO. (A)	SUPPLIES OR SERVICES (B)	QUANTITY ORDERED (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)	QUANTITY ACCEPTED (G)
	The U.S. Nuclear Regulatory Commission (NRC) hereby issues this Delivery Order entitled, "Internal Controls Monitoring and Support" to KPMG, LLP, per the attached Statement of Work (SOW) and additional terms and conditions not specified under the GSA Federal Supply Schedule GS-23F-8127H contract.  Period of Performance: November 06, 2006 - July 6, 2007  Contractor DUNS No. 035207807  CONTRACTOR ACCEPTANCE OF DELIVERY ORDER NO. DR-09-07-130:  <div style="display: flex; justify-content: space-between;"> <div style="text-align: center;">                           Signature   <u>Partner</u>                          Title                     </div> <div style="text-align: center;"> <u>11-07-2006</u>                          Date                     </div> </div>					

SEE BILLING INSTRUCTIONS ON REVERSE	18. SHIPPING POINT		19. GROSS SHIPPING WEIGHT		20. INVOICE NO.		\$224,523.68	17(h) TOTAL (Cont. pages)
	21. MAIL INVOICE TO:							
	a. NAME U.S. Nuclear Regulatory Commission Division of Contracts						\$224,523.68	17(i). GRAND TOTAL
	b. STREET ADDRESS (or P.O. Box) Mail Stop: T7-I2 Attn: (DR-09-07-130)							
c. CITY Washington		d. STATE DC		e. ZIP CODE 20555				
22. UNITED STATES OF AMERICA BY (Signature)  					23. NAME (Typed) Donald A. King Contracting Officer TITLE: CONTRACTING/ORDERING OFFICER			



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## SECTION A – ADDENDA OF SUPPLIES OR SERVICES AND PRICE/COSTS

### A.1 PROJECT TITLE

Office on Chief Financial Officer (OCFO) Internal Controls Monitoring and Support

### A.2 BRIEF DESCRIPTION OF WORK

The contractor shall provide the U.S. Nuclear Regulatory Commission (NRC) with ongoing internal control documentation, implementation, and monitoring support in accordance with OMB Circular A-123, particularly Appendix A (internal control over financial reporting).

### A.3 SCHEDULE

#### A.3.1 NOVEMBER 06, 2006 – JULY 6, 2007 (BASE PERIOD)

Labor Category	Rate	Estimated Hours	Total Estimated Dollars
Partner	[REDACTED]	[REDACTED]	\$45,518.40
Manager	[REDACTED]	[REDACTED]	\$38,586.94
Senior Auditor	[REDACTED]	[REDACTED]	\$77,005.36
Auditor	[REDACTED]	[REDACTED]	\$63,412.98
Subtotal		[REDACTED]	\$224,523.68

#### A.3.2 JULY 06, 2007 – JULY 5, 2008 (OPTION PERIOD 1)

Labor Category	Rate	Estimated Hours	Total Estimated Dollars
Partner	[REDACTED]	[REDACTED]	\$31,121.86
Manager	[REDACTED]	[REDACTED]	\$66,128.04
Senior Auditor	[REDACTED]	[REDACTED]	\$76,537.80
Auditor	[REDACTED]	[REDACTED]	\$78,928.00
Subtotal		[REDACTED]	\$252,715.70

#### A.3.3 JULY 06, 2008 – JULY 5, 2009 (OPTION PERIOD 2)

Labor Category	Rate	Estimated Hours	Total Estimated Dollars

Partner	[REDACTED]	[REDACTED]	\$26,851.35
Manager	[REDACTED]	[REDACTED]	\$61,232.00
Senior Auditor	[REDACTED]	[REDACTED]	\$61,922.84
Auditor	[REDACTED]	[REDACTED]	\$70,117.80
Subtotal		[REDACTED]	\$220,123.99

#### A.3.4 JULY 06, 2009 – JULY 5, 2010 (OPTION PERIOD 3)

Labor Category	Rate	Estimated Hours	Total Estimated Dollars
Partner	[REDACTED]	[REDACTED]	\$26,584.36
Manager	[REDACTED]	[REDACTED]	\$63,068.96
Senior Auditor	[REDACTED]	[REDACTED]	\$63,779.24
Auditor	[REDACTED]	[REDACTED]	\$58,615.20
Subtotal		[REDACTED]	\$212,047.76

#### A.4 CONSIDERATION AND OBLIGATION--DELIVERY ORDERS (JUN 1988)

(a) The total estimated amount of this contract (ceiling) for the products/services ordered, delivered, and accepted under this contract is \$224,523.68. The Contracting Officer may unilaterally increase this amount as necessary for orders to be placed with the contractor during the contract period provided such orders are within any maximum ordering limitation prescribed under this contract.

(b) The amount presently obligated with respect to this contract is \$224,523.68. The Contracting Officer may issue orders for work up to the amount presently obligated. This obligated amount may be unilaterally increased from time to time by the Contracting Officer by written modification to this contract. The obligated amount shall, at no time, exceed the contract ceiling as specified in paragraph a above. When and if the amount(s) paid and payable to the Contractor hereunder shall equal the obligated amount, the Contractor shall not be obligated to continue performance of the work unless and until the Contracting Officer shall increase the amount obligated with respect to this contract. Any work undertaken by the Contractor in excess of the obligated amount specified above is done so at the Contractor's sole

#### A.5 DURATION OF CONTRACT PERIOD (MAR 1987) ALTERNATE 2 (MAR 1987)

This contract shall commence on November 6, 2006 and will expire on July 6, 2007, of which November 6, 2006 through January 6, 2007 will be used for the security clearance process. The term of this contract may be extended at the option of the Government for an additional three (3) one-year option periods.

## SECTION B - CONTINUATION BLOCK

### B.1 STATEMENT OF WORK

#### 1.0 Background

The agency's policy is to establish and maintain cost-effective internal control that reasonably ensures programs achieve their intended results; resources are used consistent with the agency mission; programs and resources are protected from fraud, waste, and mismanagement; laws and regulations are followed; and reliable and timely information is obtained, maintained, reported, and used for decision making. The Office of the Chief Financial Officer (OCFO) is responsible for coordinating agencywide internal control activities, training, and technical support to assist NRC managers in establishing, assessing, and improving internal controls.

The OCFO is currently implementing the initial internal control assessment requirements under the revised OMB Circular A-123, "Management's Responsibility for Internal Control," including internal control over financial reporting contained in Appendix A of the Circular. This includes revising NRC's policies and procedures, conducting initial internal control reviews, and reporting to OMB via the annual assurance statement on the status of internal control over financial reporting; contractor support is in place for the initial internal control reviews. NRC requires expert advice and assistance in several areas to assure compliance with OMB policies and procedures for the annual assessment of internal controls. The OMB Circular A-123 and appendices also mandate ongoing internal control activities which impact upon agency financial statements and which will continue to future fiscal years.

#### 2.0 Objective

The contractor shall provide the necessary personnel, equipment, and management to meet the requirements of this statement of work.

#### 3.0 Scope of Work

The contractor shall provide ongoing internal control documentation, implementation, and monitoring support in accordance with OMB Circular A-123, particularly Appendix A (internal control over financial reporting).

#### 4.0 Specific Tasks

##### 4.1 Task 1 - Project Planning

4.1.1 Requirement: The Contractor shall submit a project plan for NRC review that identifies major milestones and estimated due dates. Due dates for all tasks and deliverables will be established in consultation with the contractor subsequent to award of the contract, following the timelines established in the Task descriptions below.

4.1.2 Standard: Delivered to NRC within two weeks of contract award.

#### 4.1.3 Deliverable: Project Plan

4.1.4 Acceptance Criteria: Excel spreadsheet. The final project plan will be approved by the NRC Contracting Officer.

4.1.5 Meetings and Travel: An initial project planning meeting will be held after contract award at the NRC headquarters building to discuss contents of the project plan.

4.1.6 NRC Furnished Material and Equipment: n/a

4.1.7 Additional Guidance and/or References: n/a

### **4.2 Task 2** - Monitoring of Internal Control Corrective Actions

4.2.1 Requirement: The contractor shall monitor the corrective actions implemented by the agency in response to the recommendations from current internal control reviews; the contractor shall have access to these plans upon contract award. NRC is currently conducting internal control reviews over nine (9) key business processes; (some processes may be addressed by multiple reviews). NRC is estimating that 10-12 corrective action plans will be put in place, as determined necessary as a result of the reviews. The contractor shall ensure that the corrective actions are appropriate to properly address the findings and recommendations of the internal control reviews. Monitoring may include review, testing of the corrective action plan, analyzing test results, and/or proposing further corrective actions.

4.2.2 Standard: Status updates and recommendations on corrective action plans to be provided at twice monthly status meetings. (See status meetings task below.)

4.2.3 Deliverable: If requested by the NRC at the status meetings, provide brief, written recommendations on corrective action plan issues identified within two weeks of request to the NRC Project Officer and Contracting Officer.

4.2.4 Acceptance Criteria: Monitoring and recommendations should reflect best practices in the industry for evaluating the adequacy of internal controls and for testing.

4.2.5 Meetings and Travel: See status meetings task below.

4.2.6 NRC Furnished Material and Equipment: Corrective action plans to be provided to contractor after date of contract award.

4.2.7 Additional Guidance and/or References: Work under this task shall be initiated via the technical direction of the Project Officer. Work may result from contractor recommendations, but shall not be undertaken without direction on this task. Monitoring of actions from prior reviews may occur in future contract periods (e.g. monitoring for reviews occurring during the base period may take place during the first option period, if exercised, or in subsequent periods).

### **4.3 Task 3** – Ongoing Internal Control Reviews (Optional Task)

4.3.1 Requirement: The contractor shall conduct internal control reviews in accordance with OMB circular A-123, "Management's Responsibility for Internal Control," particularly Appendix A. These will be conducted on a cyclical/periodic basis, as determined by the results of the initial internal control reviews conducted for the nine (9) business processes or any additional processes as required by OMB, including additional financial reporting requirements.

4.3.2 Standard: Within timeframes established in the project plan. Generally, the contractor shall deliver a draft report to the agency 2 weeks after the reviews and testing are completed for NRC comments and the final report shall be delivered 2 weeks after NRC comments are received.

4.3.3 Deliverable: The contractor shall develop a review and testing plan, for the approval of NRC, for each business process being assessed. Upon completion of the review and testing, the contractor shall provide a report to NRC that documents the findings and provides appropriate recommendations on how to correct the weaknesses. The agency will determine the necessary course of action based in part on contractor recommendations.

4.3.4 Acceptance Criteria: All reports are to be prepared using WordPerfect X3 or compatible format (Excel spreadsheets may be required) and submitted electronically to the Technical Monitor with a copy provided to the Project Officer and Contracting Officer.

4.3.5 Meetings and Travel: Tasks will be discussed at the weekly status meetings (see below). Conference calls may be held between the status meetings should the process or findings of the internal control reviews require them.

4.3.6 NRC Furnished Material and Equipment: The specific format requirements for the review and testing plans will be provided to the contractor upon contract award.

4.3.7 Additional Guidance and/or References: The NRC Project Officer shall provide direction on specific reviews to be performed. These reviews may result in additional recommendations for improvements to internal controls.

#### **4.4 Task 4 - Special Internal Control Reviews**

4.4.1 Requirement: The contractor shall conduct internal control reviews in accordance with OMB circular A-123, "Management's Responsibility for Internal Control" in areas targeted for out-of-cycle reviews due to special circumstances (e.g. management concerns, audit findings).

4.4.2 Standard: Within timeframes established in the project plan. Generally, the contractor shall deliver a draft report to the agency 2 weeks after the reviews are completed for NRC comment and the final report shall be delivered 2 weeks after NRC comments are received.

4.4.3 Deliverable: The contractor shall develop a review and testing plan, for the approval of NRC, for each business process being assessed. Upon completion of the review and testing, the contractor shall provide a report to NRC that documents the findings and provides appropriate recommendations on how to correct the weaknesses. The agency will determine the necessary course of action based in part on contractor recommendations.

4.4.4 Acceptance Criteria: All reports are to be prepared using WordPerfect X3 or compatible format (Excel spreadsheets may be required) and submitted electronically to the Technical Monitor with a copy provided to the Project Officer and Contracting Officer.

4.4.5 Meetings and Travel: Tasks will be discussed at the weekly status meetings (see below). Conference calls may be held between the status meetings should the process or findings of the internal control reviews require them.

4.4.6 NRC Furnished Material and Equipment: The specific format requirements for the review and testing plans will be provided to the contractor upon contract award.



4.4.7 Additional Guidance and/or References: The NRC Project Officer shall provide technical direction on specific work to be performed after issuance of the contract by the Contracting Officer. These reviews may result in additional recommendations for improvements to internal controls, particularly for controls over financial reporting.

#### **4.5 Task 5** - Internal Control Documentation and Policy Guidance

4.5.1 Requirement: The contractor shall assist NRC business process owners in creating required documentation of internal control for processes and subprocesses, as gaps in documentation are identified. Such documentation will follow OMB Circular A-123 and conform to NRC policies and procedures.

4.5.2 Standard: Recommendations shall be provided at the weekly status update meetings.

4.5.3 Deliverable: As part of performing the internal control reviews, the contractor shall make recommendations to NRC on appropriate revisions to NRC guidance and policies with regard to internal control, particularly internal control over financial reporting, to assure compliance with federal rules and regulations. The NRC guidance is primarily contained in Management Directive 4.4 and the associated Handbook, which will be revised to reflect the requirements contained in OMB Circular A-123, issued December 2004. The contractor shall make written recommendations on policy or guidance changes, if needed, as part of the reporting process for internal control reviews, which shall be sent to the Project Officer and Contracting Officer.

4.5.4 Acceptance Criteria: When requested by NRC, the contractor will document recommendations made during status meetings in writing. The recommendations shall be compiled into a brief, WordPerfect X3 document explaining the findings and recommended changes to policy or guidance documents.

4.5.5 Meetings and Travel: n/a (See status meetings task below)

4.5.6 NRC Furnished Material and Equipment: NRC will provide the contractor with copies of the Management Directive and other policy documents for review.

4.5.7 Additional Guidance and/or References: n/a

#### **4.6 Task 6** - Weekly Status Meetings and Monthly Project Status Reports

4.6.1 Requirement: The contractor shall meet with the project manager and the technical lead on a weekly basis on-site at NRC headquarters. The meetings shall discuss the status of all corrective action plan monitoring, ongoing internal control reviews, policy findings, and other items relevant to internal controls. In addition, the contractor shall provide brief, written monthly reports on the progress and status of all internal control reviews, recommendations, monitoring of corrective action plans, or other activities to the Project Officer and Contracting Officer.

4.6.2 Standard: Weekly, on-site meetings at NRC headquarters and monthly written report, which shall be provided via e-mail to the Project Officer, the Technical Lead, and the Contracting Officer by the 15<sup>th</sup> of each month.

4.6.3 Deliverable: Status update report prepared in WordPerfect X3.

4.6.4 Acceptance Criteria: The monthly status report shall show the status of all corrective action plans, internal control reviews and other ongoing work.

4.6.5 Meetings and Travel: Weekly, on-site meetings at NRC headquarters. The Contractor will not be reimbursed local travel when commuting from contractor facility to NRC facility. No additional travel is anticipated.

4.6.6 NRC Furnished Material and Equipment: n/a

4.6.7 Additional Guidance and/or References: n/a

## 5.0 Labor Categories/ Personnel Qualifications

It is expected that the following labor categories shall be required under this order (1) partner, (2) manager, (3) senior auditor, and (4) auditor. The contractor shall provide personnel that meet the minimum qualifications stated below.

A. Partner. The partner shall possess a four-year degree in accounting and be a Certified Public Accountant. The partner shall have ten years experience in auditing, including experience in assessing internal controls, of which five years should have been gained in Federal Government Auditing.

B. Manager. The manager shall possess a four-year degree in accounting and be a Certified Public Accountant. The manager shall have five years experience in auditing, including experience in assessing internal controls, of which three years should have been gained in Federal Government Auditing.

C. Senior Auditor. The senior auditor shall possess a four-year degree in accounting and have two years experience in auditing, including experience in assessing internal controls.

D. Auditor. The auditor shall possess a four year degree in accounting and have no less than two years experience in auditing.

In addition, the contractor shall provide staff with experience in testing or evaluating financial systems, including newly-implemented financial systems. The contractor should ensure that this experience is described in the response to the SOW.

## 6.0 Place of Performance

Work for this contract shall be performed primarily at the Contractor's site, using e-mail, telephone, conference calls, and similar means to accomplish routine contacts with NRC staff. On occasion, the work will require the Contractor's staff to be on-site at NRC headquarters, 11555 Rockville, Pike, Rockville, Maryland. This would include the periods of time when Contractor staff are gathering internal control information from NRC staff, when testing internal control, or when access to a particular IT system is necessary. For those requirements, NRC will provide access to the staff and IT systems necessary to complete the work. The Contractor shall inform the Project Manager in advance when such requirements are going to occur.

In addition, Contractor staff will expected to meet with the Project Officer and the Technical Lead on a weekly basis on-site at NRC headquarters. The Contractor will not be reimbursed local travel when commuting from contractor facility to NRC facility.

## 7.0 Travel

Travel outside of the Washington, DC area shall be approved by the NRC Contracting Officer, or designee. Limited local travel will be required for facilitation services performed at local off-site locations. The Contractor **will not be** reimbursed local travel when commuting from contractor facility to NRC facility.

## 8.0 Deliverables

See deliverable descriptions under Tasks above.

**SECTION C - DELIVERY ORDER TERMS AND CONDITIONS**

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NOT SPECIFIED IN THE CONTRACT

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**C.1 PROJECT OFFICER AUTHORITY (FEB 2004)**

(a) The contracting officer's authorized representative hereinafter referred to as the project officer for this contract is:

Name: Ruth Spencer

Address: U.S. Nuclear Regulatory Commission  
Mail Stop: T-9-C4  
Washington, DC 20555

Telephone Number: (301) 415-0569

Email: [RES3@nrc.gov](mailto:RES3@nrc.gov)

(b) Performance of the work under this contract is subject to the technical direction of the NRC project officer. The term "technical direction" is defined to include the following:

(1) Technical direction to the contractor which shifts work emphasis between areas of work or tasks, authorizes travel which was unanticipated in the Schedule (i.e., travel not contemplated in the Statement of Work (SOW) or changes to specific travel identified in the SOW), fills in details, or otherwise serves to accomplish the contractual SOW.

(2) Provide advice and guidance to the contractor in the preparation of drawings, specifications, or technical portions of the work description.

(3) Review and, where required by the contract, approval of technical reports, drawings, specifications, and technical information to be delivered by the contractor to the Government under the contract.

(c) Technical direction must be within the general statement of work stated in the contract. The project officer does not have the authority to and may not issue any technical direction which:

(1) Constitutes an assignment of work outside the general scope of the contract.

(2) Constitutes a change as defined in the "Changes" clause of this contract.

(3) In any way causes an increase or decrease in the total estimated contract cost, the fixed fee, if any, or the time required for contract performance.

(4) Changes any of the expressed terms, conditions, or specifications of the contract.

(5) Terminates the contract, settles any claim or dispute arising under the contract, or issues any unilateral directive whatever.

(d) All technical directions must be issued in writing by the project officer or must be confirmed by the project officer in writing within ten (10) working days after verbal issuance. A copy of the

written direction must be furnished to the contracting officer. A copy of NRC Form 445, Request for Approval of Official Foreign Travel, which has received final approval from the NRC must be furnished to the contracting officer.

(e) The contractor shall proceed promptly with the performance of technical directions duly issued by the project officer in the manner prescribed by this clause and within the project officer's authority under the provisions of this clause.

(f) If, in the opinion of the contractor, any instruction or direction issued by the project officer is within one of the categories as defined in paragraph (c) of this section, the contractor may not proceed but shall notify the contracting officer in writing within five (5) working days after the receipt of any instruction or direction and shall request the contracting officer to modify the contract accordingly. Upon receiving the notification from the contractor, the contracting officer shall issue an appropriate contract modification or advise the contractor in writing that, in the contracting officer's opinion, the technical direction is within the scope of this article and does not constitute a change under the "Changes" clause.

(g) Any unauthorized commitment or direction issued by the project officer may result in an unnecessary delay in the contractor's performance and may even result in the contractor expending funds for unallowable costs under the contract.

(h) A failure of the parties to agree upon the nature of the instruction or direction or upon the contract action to be taken with respect thereto is subject to 52.233.1 . Disputes.

(i) In addition to providing technical direction as defined in paragraph (b) of the section, the project officer shall:

(1) Monitor the contractor's technical progress, including surveillance and assessment of performance, and recommend to the contracting officer changes in requirements.

(2) Assist the contractor in the resolution of technical problems encountered during performance.

(3) Review all costs requested for reimbursement by the contractor and submit to the contracting officer recommendations for approval, disapproval, or suspension of payment for supplies and services required under this contract.

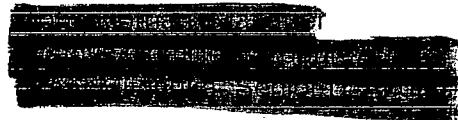
(4) Assist the contractor in obtaining the badges for the contractor personnel.

(5) Immediately notify the Security Branch, Division of Facilities and Security (SB/DFS) (via e-mail) when a contractor employee no longer requires access authorization and return of any NRC issued badge to SB/DFS within three days after their termination."

(6) Ensure that all contractor employees that require access to classified Restricted Data or National Security Information or matter, access to sensitive unclassified information (Safeguards, Official Use Only, and Proprietary information) access to sensitive IT systems or data, unescorted access to NRC controlled buildings/space, or unescorted access to protected and vital areas of nuclear power plants receive approval of SB/DFS prior to access in accordance with Management Directive and Handbook 12.3.

## **C.2 2052.215-70 KEY PERSONNEL (JAN 1993)**

(a) The following individuals are considered to be essential to the successful performance of the work hereunder:



The contractor agrees that personnel may not be removed from the contract work or replaced without compliance with paragraphs (b) and (c) of this section.

(b) If one or more of the key personnel, for whatever reason, becomes, or is expected to become, unavailable for work under this contract for a continuous period exceeding 30 work days, or is expected to devote substantially less effort to the work than indicated in the proposal or initially anticipated, the contractor shall immediately notify the contracting officer and shall, subject to the concurrence of the contracting officer, promptly replace the personnel with personnel of at least substantially equal ability and qualifications.

(c) Each request for approval of substitutions must be in writing and contain a detailed explanation of the circumstances necessitating the proposed substitutions. The request must also contain a complete resume for the proposed substitute and other information requested or needed by the contracting officer to evaluate the proposed substitution. The contracting officer and the project officer shall evaluate the contractor's request and the contracting officer shall promptly notify the contractor of his or her decision in writing.

(d) If the contracting officer determines that suitable and timely replacement of key personnel who have been reassigned, terminated, or have otherwise become unavailable for the contract work is not reasonably forthcoming, or that the resultant reduction of productive effort would be so substantial as to impair the successful completion of the contract or the service order, the contract may be terminated by the contracting officer for default or for the convenience of the Government, as appropriate. If the contracting officer finds the contractor at fault for the condition, the contract price or fixed fee may be equitably adjusted downward to compensate the Government for any resultant delay, loss, or damage.

## **C.3 2052.209-72 CONTRACTOR ORGANIZATIONAL CONFLICTS OF INTEREST (JAN 1993)**

(a) Purpose. The primary purpose of this clause is to aid in ensuring that the contractor:

(1) Is not placed in a conflicting role because of current or planned interests (financial, contractual, organizational, or otherwise) which relate to the work under this contract; and

(2) Does not obtain an unfair competitive advantage over other parties by virtue of its performance of this contract.

(b) Scope. The restrictions described apply to performance or participation by the contractor, as defined in 48 CFR 2009.570-2 in the activities covered by this clause.

(c) Work for others.

(1) Notwithstanding any other provision of this contract, during the term of this contract, the contractor agrees to forego entering into consulting or other contractual arrangements with any firm or organization the result of which may give rise to a conflict of interest with respect to the work being performed under this contract. The contractor shall ensure that all employees under this contract abide by the provision of this clause. If the contractor has reason to believe, with respect to itself or any employee, that any proposed consultant or other contractual arrangement with any firm or organization may involve a potential conflict of interest, the contractor shall obtain the written approval of the contracting officer before the execution of such contractual arrangement.

(2) The contractor may not represent, assist, or otherwise support an NRC licensee or applicant undergoing an NRC audit, inspection, or review where the activities that are the subject of the audit, inspection, or review are the same as or substantially similar to the services within the scope of this contract (or task order as appropriate) except where the NRC licensee or applicant requires the contractor's support to explain or defend the contractor's prior work for the utility or other entity which NRC questions.

(3) When the contractor performs work for the NRC under this contract at any NRC licensee or applicant site, the contractor shall neither solicit nor perform work in the same or similar technical area for that licensee or applicant organization for a period commencing with the award of the task order or beginning of work on the site (if not a task order contract) and ending one year after completion of all work under the associated task order, or last time at the site (if not a task order contract).

(4) When the contractor performs work for the NRC under this contract at any NRC licensee or applicant site,

(i) The contractor may not solicit work at that site for that licensee or applicant during the period of performance of the task order or the contract, as appropriate.

(ii) The contractor may not perform work at that site for that licensee or applicant during the period of performance of the task order or the contract, as appropriate, and for one year thereafter.

(iii) Notwithstanding the foregoing, the contracting officer may authorize the contractor to solicit or perform this type of work (except work in the same or similar technical area) if the contracting officer determines that the situation will not pose a potential for technical bias or unfair competitive advantage.

(d) Disclosure after award.

(1) The contractor warrants that to the best of its knowledge and belief, and except as otherwise set forth in this contract, that it does not have any organizational conflicts of interest as defined in 48 CFR 2009.570-2.

(2) The contractor agrees that if, after award, it discovers organizational conflicts of interest with respect to this contract, it shall make an immediate and full disclosure in writing to the contracting officer. This statement must include a description of the action which the contractor has taken or proposes to take to avoid or mitigate such conflicts. The NRC may, however, terminate the contract if termination is in the best interest of the Government.

(3) It is recognized that the scope of work of a task-order-type contract necessarily encompasses a broad spectrum of activities. Consequently, if this is a task-order-type contract, the contractor agrees that it will disclose all proposed new work involving NRC licensees or applicants which comes within the scope of work of the underlying contract. Further, if this contract involves work at a licensee or applicant site, the contractor agrees to exercise diligence to discover and disclose any new work at that licensee or applicant site. This disclosure must be made before the submission of a bid or proposal to the utility or other regulated entity and must be received by the NRC at least 15 days before the proposed award date in any event, unless a written justification demonstrating urgency and due diligence to discover and disclose is provided by the contractor and approved by the contracting officer. The disclosure must include the statement of work, the dollar value of the proposed contract, and any other documents that are needed to fully describe the proposed work for the regulated utility or other regulated entity. NRC may deny approval of the disclosed work only when the NRC has issued a task order which includes the technical area and, if site-specific, the site, or has plans to issue a task order which includes the technical area and, if site-specific, the site, or when the work violates paragraphs (c)(2), (c)(3) or (c)(4) of this section.

(e) Access to and use of information.

(1) If in the performance of this contract, the contractor obtains access to information, such as NRC plans, policies, reports, studies, financial plans, internal data protected by the Privacy Act of 1974 (5 U.S.C. Section 552a (1988)), or the Freedom of Information Act (5 U.S.C. Section 552 (1986)), the contractor agrees not to:

(i) Use this information for any private purpose until the information has been released to the public;

(ii) Compete for work for the Commission based on the information for a period of six months after either the completion of this contract or the release of the information to the public, whichever is first;

(iii) Submit an unsolicited proposal to the Government based on the information until one year after the release of the information to the public; or

(iv) Release the information without prior written approval by the contracting officer unless the information has previously been released to the public by the NRC.

(2) In addition, the contractor agrees that, to the extent it receives or is given access to proprietary data, data protected by the Privacy Act of 1974 (5 U.S.C. Section 552a (1988)), or



the Freedom of Information Act (5 U.S.C. Section 552 (1986)), or other confidential or privileged technical, business, or financial information under this contract, the contractor shall treat the information in accordance with restrictions placed on use of the information.

(3) Subject to patent and security provisions of this contract, the contractor shall have the right to use technical data it produces under this contract for private purposes provided that all requirements of this contract have been met.

(f) Subcontracts. Except as provided in 48 CFR 2009.570-2, the contractor shall include this clause, including this paragraph, in subcontracts of any tier. The terms contract, contractor, and contracting officer, must be appropriately modified to preserve the Government's rights.

(g) Remedies. For breach of any of the above restrictions, or for intentional nondisclosure or misrepresentation of any relevant interest required to be disclosed concerning this contract or for such erroneous representations that necessarily imply bad faith, the Government may terminate the contract for default, disqualify the contractor from subsequent contractual efforts, and pursue other remedies permitted by law or this contract.

(h) Waiver. A request for waiver under this clause must be directed in writing to the contracting officer in accordance with the procedures outlined in 48 CFR 2009.570-9.

(i) Follow-on effort. The contractor shall be ineligible to participate in NRC contracts, subcontracts, or proposals therefore (solicited or unsolicited), which stem directly from the contractor's performance of work under this contract. Furthermore, unless so directed in writing by the contracting officer, the contractor may not perform any technical consulting or management support services work or evaluation activities under this contract on any of its products or services or the products or services of another firm if the contractor has been substantially involved in the development or marketing of the products or services.

(1) If the contractor, under this contract, prepares a complete or essentially complete statement of work or specifications, the contractor is not eligible to perform or participate in the initial contractual effort which is based on the statement of work or specifications. The contractor may not incorporate its products or services in the statement of work or specifications unless so directed in writing by the contracting officer, in which case the restrictions in this paragraph do not apply.

(2) Nothing in this paragraph precludes the contractor from offering or selling its standard commercial items to the Government.

#### **C.4 52.217-9 OPTION TO EXTEND THE TERM OF THE CONTRACT (MAR 2000)**

(a) The Government may extend the term of this contract by written notice to the Contractor within 60; provided that the Government gives the Contractor a preliminary written notice of its intent to extend at least 60 days before the contract expires. The preliminary notice does not commit the Government to an extension.

(b) If the Government exercises this option, the extended contract shall be considered to include this option clause.

(c) The total duration of this contract, including the exercise of any options under this clause, shall not exceed three years and nine months.

### **C.5 2052.204.70 SECURITY (MAR 2004)**

(a) Contract Security and/or Classification Requirements (NRC Form 187). The policies, procedures, and criteria of the NRC Security Program, NRC Management Directive (MD) 12 (including MD 12.1, "NRC Facility Security Program;" MD 12.2, "NRC Classified Information Security Program;" MD 12.3, "NRC Personnel Security Program;" MD 12.4, "NRC Telecommunications Systems Security Program;" MD 12.5, "NRC Automated Information Systems Security Program;" and MD 12.6, "NRC Sensitive Unclassified Information Security Program"), apply to performance of this contract, subcontract or other activity. This MD is incorporated into this contract by reference as though fully set forth herein. The attached NRC Form 187 (See List of Attachments) furnishes the basis for providing security and classification requirements to prime contractors, subcontractors, or others (e.g., bidders) who have or may have an NRC contractual relationship that requires access to classified Restricted Data or National Security Information or matter, access to sensitive unclassified information (e.g., Safeguards), access to sensitive Information Technology (IT) systems or data, unescorted access to NRC controlled buildings/space, or unescorted access to protected and vital areas of nuclear power plants.

(b) It is the contractor's duty to protect National Security Information, Restricted Data, and Formerly Restricted Data. The contractor shall, in accordance with the Commission's security regulations and requirements, be responsible for protecting National Security Information, Restricted Data, and Formerly Restricted Data, and for protecting against sabotage, espionage, loss, and theft, the classified documents and material in the contractor's possession in connection with the performance of work under this contract. Except as otherwise expressly provided in this contract, the contractor shall, upon completion or termination of this contract, transmit to the Commission any classified matter in the possession of the contractor or any person under the contractor's control in connection with performance of this contract. If retention by the contractor of any classified matter is required after the completion or termination of the contract and the retention is approved by the contracting officer, the contractor shall complete a certificate of possession to be furnished to the Commission specifying the classified matter to be retained. The certification must identify the items and types or categories of matter retained, the conditions governing the retention of the matter and their period of retention, if known. If the retention is approved by the contracting officer, the security provisions of the contract continue to be applicable to the matter retained.

(c) In connection with the performance of the work under this contract, the contractor may be furnished, or may develop or acquire, safeguards information, or confidential or privileged technical, business, or financial information, including Commission plans, policies, reports, financial plans, internal data protected by the Privacy Act of 1974 (Pub. L. 93.579), or other information which has not been released to the public or has been determined by the Commission to be otherwise exempt from disclosure to the public. The contractor shall ensure that information protected from public disclosure is maintained as required by NRC regulations and policies, as cited in this contract or as otherwise provided by the NRC. The contractor will not directly or indirectly duplicate, disseminate, or disclose the information in whole or in part to

any other person or organization except as may be necessary to perform the work under this contract. The contractor agrees to return the information to the Commission or otherwise dispose of it at the direction of the contracting officer. Failure to comply with this clause is grounds for termination of this contract.

(d) Regulations. The contractor agrees to conform to all security regulations and requirements of the Commission which are subject to change as directed by the NRC Division of Facilities and Security (DFS) and the Contracting Officer. These changes will be under the authority of the FAR Changes clause referenced in this document.

The contractor agrees to comply with the security requirements set forth in NRC Management Directive 12.1, NRC Facility Security Program which is incorporated into this contract by reference as though fully set forth herein. Attention is directed specifically to the section titled "Infractions and Violations," including "Administrative Actions" and "Reporting Infractions."

(e) Definition of National Security Information. The term National Security Information, as used in this clause, means information that has been determined pursuant to Executive Order 12958 or any predecessor order to require protection against unauthorized disclosure and that is so designated.

(f) Definition of Restricted Data. The term Restricted Data, as used in this clause, means all data concerning design, manufacture, or utilization of atomic weapons; the production of special nuclear material; or the use of special nuclear material in the production of energy, but does not include data declassified or removed from the Restricted Data category pursuant to Section 142 of the Atomic Energy Act of 1954, as amended.

(g) Definition of Formerly Restricted Data. The term Formerly Restricted Data, as used in this clause, means all data removed from the Restricted Data category under Section 142-d of the Atomic Energy Act of 1954, as amended.

(h) Definition of Safeguards Information. Sensitive unclassified information that specifically identifies the detailed security measures of a licensee or an applicant for the physical protection of special nuclear material; or security measures for the physical protection and location of certain plant equipment vital to the safety of production of utilization facilities. Protection of this information is required pursuant to Section 147 of the Atomic Energy Act of 1954, as amended.

(i) Security Clearance. The contractor may not permit any individual to have access to Restricted Data, Formerly Restricted Data, or other classified information, except in accordance with the Atomic Energy Act of 1954, as amended, and the Commission's regulations or requirements applicable to the particular type or category of classified information to which access is required. The contractor shall also execute a Standard Form 312, Classified Information Nondisclosure Agreement, when access to classified information is required.

(j) Criminal Liabilities. It is understood that disclosure of National Security Information, Restricted Data, and Formerly Restricted Data relating to the work or services ordered hereunder to any person not entitled to receive it, or failure to safeguard any Restricted Data, Formerly Restricted Data, or any other classified matter that may come to the contractor or any person under the contractor's control in connection with work under this contract, may subject the contractor, its agents, employees, or subcontractors to criminal liability under the laws of the

United States. (See the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2011 et seq.; 18 U.S.C. 793 and 794; and Executive Order 12958.)

(k) Subcontracts and Purchase Orders. Except as otherwise authorized in writing by the contracting officer, the contractor shall insert provisions similar to the foregoing in all subcontracts and purchase orders under this contract.

(l) In performing the contract work, the contractor shall classify all documents, material, and equipment originated or generated by the contractor in accordance with guidance issued by the Commission. Every subcontract and purchase order issued hereunder involving the origination or generation of classified documents, material, and equipment must provide that the subcontractor or supplier assign classification to all documents, material, and equipment in accordance with guidance furnished by the contractor.

### **C6 2052.204-71 BADGE REQUIREMENTS FOR UNESCORTED BUILDING ACCESS TO NRC FACILITIES (MAR 2006)**

During the life of this contract, the rights of ingress and egress for contractor personnel must be made available, as required, provided that the individual has been approved for unescorted access after a favorable adjudication from the Security Branch, Division of Facilities and Security (SB/DFS).

In this regard, all contractor personnel whose duties under this contract require their presence on site shall be clearly identifiable by a distinctive badge furnished by the NRC. The Project Officer shall assist the contractor in obtaining badges for the contractor personnel. All contractor personnel must present two forms of Identity Source Documents (I-9). One of the documents must be a valid picture ID issued by a state or by the Federal Government. Original I-9 documents must be presented in person for certification. A list of acceptable documents can be found at [http://www.usdoj.gov/crt/recruit\\_employ/i9form.pdf](http://www.usdoj.gov/crt/recruit_employ/i9form.pdf). It is the sole responsibility of the contractor to ensure that each employee has a proper NRC-issued identification/badge at all times. All photo-identification badges must be immediately (no later than three days) delivered to SB/DFS for cancellation or disposition upon the termination of employment of any contractor personnel. Contractor personnel must display any NRC issued badge in clear view at all times during on site performance under this contract. It is the contractor's duty to assure that contractor personnel enter only those work areas necessary for performance of contract work, and to assure the protection of any Government records or data that contractor personnel may come into contact with.

### **C.7 SECURITY REQUIREMENTS FOR INFORMATION TECHNOLOGY ACCESS APPROVAL (FEB 2004)**

The proposer/contractor must identify all individuals and propose the level of Information Technology (IT) approval for each, using the following guidance. The NRC sponsoring office shall make the final determination of the level, if any, of IT approval required for all individuals working under this contract.

The Government shall have and exercise full and complete control over granting, denying, withholding, or terminating building access approvals for individuals performing work under this contract.

#### SECURITY REQUIREMENTS FOR LEVEL I

Performance under this contract will involve prime contractor personnel, subcontractors or others who perform services requiring direct access to or operate agency sensitive information technology systems or data (IT Level I).

The IT Level I involves responsibility for the planning, direction, and implementation of a computer security program; major responsibility for the direction, planning, and design of a computer system, including hardware and software; or the capability to access a computer system during its operation or maintenance in such a way that could cause or that has a relatively high risk of causing grave damage; or the capability to realize a significant personal gain from computer access. Such contractor personnel shall be subject to the NRC contractor personnel security requirements of NRC Management Directive (MD) 12.3, Part I and will require a favorably adjudicated Limited Background Investigation (LBI).

A contractor employee shall not have access to sensitive information technology systems or data until he/she is approved by Security Branch, Division of Facilities and Security (SB/DFS). Temporary access may be approved based on a favorable adjudication of their security forms and checks. Final access will be approved based on a favorably adjudicated LBI in accordance with the procedures found in NRC MD 12.3, Part I. However, temporary access authorization approval will be revoked and the employee may subsequently be removed from the contract in the event the employee's investigation cannot be favorably adjudicated. Such employee will not be authorized to work under any NRC contract without the approval of SB/DFS. Timely receipt of properly completed security applications is a contract requirement. Failure of the contractor to comply with this condition within the ten work day period may be a basis to void the notice of selection. In that event, the Government may select another firm for award. When an individual receives final access, the individual will be subject to a reinvestigation every 10 years.

The contractor shall submit a completed security forms packet, including the SF-86, "Questionnaire for National Security Positions," and fingerprint charts, through the Project Officer to SB/ DFS for review and favorable adjudication, prior to the individual performing work under this contract. The contractor shall assure that all forms are accurate, complete, and legible (except for Part 2 of the questionnaire, which is required to be completed in private and submitted by the individual to the contractor in a sealed envelope), as set forth in MD 12.3 which is incorporated into this contract by reference as though fully set forth herein. Based on SB review of the applicant's security forms and/or the receipt of adverse information by NRC, the individual may be denied access to NRC facilities, sensitive information technology systems or data until a final determination is made of his/her eligibility under the provisions of MD 12.3. Any questions regarding the individual's eligibility for IT Level I approval will be resolved in accordance with the due process procedures set forth in MD 12.3 and E. O. 12968.

In accordance with NRCAR 2052.204.70 "Security," IT Level I contractors shall be subject to the attached NRC Form 187 (See Section J for List of Attachments) which furnishes the basis for providing security requirements to prime contractors, subcontractors or others (e.g., bidders)

who have or may have an NRC contractual relationship which requires access to or operation of agency sensitive information technology systems or remote development and/or analysis of sensitive information technology systems or data or other access to such systems and data; access on a continuing basis (in excess of 30 days) to NRC Headquarters controlled buildings; or otherwise requires issuance of an NRC badge.

## SECURITY REQUIREMENTS FOR LEVEL II

Performance under this contract will involve contractor personnel that develop and/or analyze sensitive information technology systems or data or otherwise have access to such systems or data (IT Level II).

The IT Level II involves responsibility for the planning, design, operation, or maintenance of a computer system and all other computer or IT positions. Such contractor personnel shall be subject to the NRC contractor personnel requirements of MD 12.3, Part I, which is hereby incorporated by reference and made a part of this contract as though fully set forth herein, and will require a favorably adjudicated Access National Agency Check with Inquiries (ANACI).

A contractor employee shall not have access to sensitive information technology systems or data until he/she is approved by SB/DFS. Temporary access may be approved based on a favorable review of their security forms and checks. Final access will be approved based on a favorably adjudicated ANACI in accordance with the procedures found in MD 12.3, Part I. However, temporary access authorization approval will be revoked and the employee may subsequently be removed from the contract in the event the employee's investigation cannot be favorably adjudicated. Such employee will not be authorized to work under any NRC contract without the approval of SB/DFS. Timely receipt of properly completed security applications is a contract requirement. Failure of the contractor to comply with this condition within the ten work day period may be a basis to void the notice of selection. In that event, the Government may select another firm for award. When an individual receives final access, the individual will be subject to a reinvestigation every 10 years.

The contractor shall submit a completed security forms packet, including the SF-86, "Questionnaire for National Security Positions," and fingerprint charts, through the Project Officer to the NRC SB/DFS for review and favorable adjudication, prior to the individual performing work under this contract. The contractor shall assure that all forms are accurate, complete, and legible (except for Part 2 of the questionnaire, which is required to be completed in private and submitted by the individual to the contractor in a sealed envelope), as set forth in MD 12.3. Based on SB review of the applicant's security forms and/or the receipt of adverse information by NRC, the individual may be denied access to NRC facilities, sensitive information technology systems or data until a final determination is made of his/her eligibility under the provisions of MD 12.3. Any questions regarding the individual's eligibility for IT Level II approval will be resolved in accordance with the due process procedures set forth in MD 12.3 and E.O. 12968.

In accordance with NRCAR 2052.204.70 "Security," IT Level II contractors shall be subject to the attached NRC Form 187 (See Section J for List of Attachments) which furnishes the basis for providing security requirements to prime contractors, subcontractors or others (e.g. bidders) who have or may have an NRC contractual relationship which requires access to or operation of agency sensitive information technology systems or remote development and/or analysis of

sensitive information technology systems or data or other access to such systems or data; access on a continuing basis (in excess of 30 days) to NRC Headquarters controlled buildings; or otherwise requires issuance of an NRC badge.

#### CANCELLATION OR TERMINATION OF IT ACCESS/REQUEST

When a request for investigation is to be withdrawn or canceled, the contractor shall immediately notify the Project Officer by telephone in order that he/she will immediately contact the SB/DFS so that the investigation may be promptly discontinued. The notification shall contain the full name of the individual, and the date of the request. Telephone notifications must be promptly confirmed in writing to the Project Officer who will forward the confirmation via email to the SB/DFS. Additionally, SB/DFS must be immediately notified when an individual no longer requires access to NRC sensitive automated information technology systems or data, including the voluntary or involuntary separation of employment of an individual who has been approved for or is being processed for access under the NRC "Personnel Security Program."

#### **C.8 APPROPRIATE USE OF GOVERNMENT FURNISHED INFORMATION TECHNOLOGY (IT) EQUIPMENT AND/ OR IT SERVICES/ ACCESS (MARCH 2002)**

As part of contract performance the NRC may provide the contractor with information technology (IT) equipment and IT services or IT access as identified in the solicitation or subsequently as identified in the contract or delivery order. Government furnished IT equipment, or IT services, or IT access may include but is not limited to computers, copiers, facsimile machines, printers, pagers, software, phones, Internet access and use, and email access and use. The contractor (including the contractor's employees, consultants and subcontractors) shall use the government furnished IT equipment, and / or IT provided services, and/ or IT access solely to perform the necessary efforts required under the contract. The contractor (including the contractor's employees, consultants and subcontractors) are prohibited from engaging or using the government IT equipment and government provided IT services or IT access for any personal use, misuse, abuses or any other unauthorized usage.

The contractor is responsible for monitoring its employees, consultants and subcontractors to ensure that government furnished IT equipment and/ or IT services, and/ or IT access are not being used for personal use, misused or abused. The government reserves the right to withdraw or suspend the use of its government furnished IT equipment, IT services and/ or IT access arising from contractor personal usage, or misuse or abuse; and/ or to disallow any payments associated with contractor (including the contractor's employees, consultants and subcontractors) personal usage, misuses or abuses of IT equipment, IT services and/ or IT access; and/ or to terminate for cause the contract or delivery order arising from violation of this provision.

#### **C.9 52.232-7 PAYMENTS UNDER TIME-AND-MATERIALS AND LABOR-HOUR CONTRACTS (AUG 2005)**

The Government will pay the Contractor as follows upon the submission of invoices or vouchers approved by the Contracting Officer:

(a) Hourly rate. (1) The amounts shall be computed by multiplying the appropriate hourly rates prescribed in the Schedule by the number of direct labor hours performed. The rates shall include wages, indirect costs, general and administrative expense, and profit. Fractional parts of an hour shall be payable on a prorated basis. Vouchers may be submitted once each month (or at more frequent intervals, if approved by the Contracting Officer), to the Contracting Officer or designee. The Contractor shall substantiate vouchers by evidence of actual payment and by individual daily job timecards, or other substantiation approved by the Contracting Officer. Promptly after receipt of each substantiated voucher, the Government shall, except as otherwise provided in this contract, and subject to the terms of (e) below, pay the voucher as approved by the Contracting Officer.

(2) Unless otherwise prescribed in the Schedule, the Contracting Officer may unilaterally issue a contract modification requiring the Contractor to withhold amounts from its billings until a reserve is set aside in an amount that the Contracting Officer considers necessary to protect the Government's interests. The Contracting Officer may require a withhold of 5 percent of the amounts due under paragraph (a), but the total amount withheld for the contract shall not exceed \$50,000. The amounts withheld shall be retained until the Contractor executes and delivers the release required by paragraph (f) of this clause.

(3) Unless the Schedule prescribes otherwise, the hourly rates in the Schedule shall not be varied by virtue of the Contractor having performed work on an overtime basis. If no overtime rates are provided in the Schedule and overtime work is approved in advance by the Contracting Officer, overtime rates shall be negotiated. Failure to agree upon these overtime rates shall be treated as a dispute under the Disputes clause of this contract. If the Schedule provides rates for overtime, the premium portion of those rates will be reimbursable only to the extent the overtime is approved by the Contracting Officer.

(b) Materials and subcontracts. (1) The Contracting Officer will determine allowable costs of direct materials in accordance with Subpart 31.2 of the Federal Acquisition Regulation (FAR) in effect on the date of this contract. Direct materials, as used in this clause, are those materials that enter directly into the end product, or that are used or consumed directly in connection with the furnishing of the end product.

(2) The Contractor may include reasonable and allocable material handling costs in the charge for material to the extent they are clearly excluded from the hourly rate. Material handling costs are comprised of indirect costs, including, when appropriate, general and administrative expense allocated to direct materials in accordance with the Contractor's usual accounting practices consistent with Subpart 31.2 of the FAR.

(3) The Government will reimburse the Contractor for supplies and services purchased directly for the contract when the Contractor--

(i) Has made payments of cash, checks, or other forms of payment for these purchased supplies or services; or

(ii) Will make these payments determined due-- (A) In accordance with the terms and conditions of a subcontract or invoice; and (B) Ordinarily within 30 days of the submission of the Contractor's payment request to the Government.



(4)(i) The Government will reimburse the Contractor for costs of subcontracts that are authorized under the subcontracts clause of this contract, provided that the costs are consistent with paragraph (b)(5) of this clause.

(ii) The Government will limit reimbursable costs in connection with subcontracts to the amounts paid for supplies and services purchased directly for the contract when the Contractor has made or will make payments determined due of cash, checks, or other forms of payment to the subcontractor-- (A) In accordance with the terms and conditions of a subcontract or invoice; and (B) Ordinarily within 30 days of the submission of the Contractor's payment request to the Government.

(iii) The Government will not reimburse the Contractor for any costs arising from the letting, administration, or supervision of performance of the subcontract, if the costs are included in the hourly rates payable under paragraph (a)(1) of this clause.

(5) To the extent able, the Contractor shall-

(i) Obtain materials at the most advantageous prices available with due regard to securing prompt delivery of satisfactory materials; and

(ii) Take all cash and trade discounts, rebates, allowances, credits, salvage, commissions, and other benefits. When unable to take advantage of the benefits, the Contractor shall promptly notify the Contracting Officer and give the reasons. The Contractor shall give credit to the Government for cash and trade discounts, rebates, scrap, commissions, and other amounts that have accrued to the benefit of the Contractor, or would have accrued except for the fault or neglect of the Contractor. The Contractor shall not deduct from gross costs the benefits lost without fault or neglect on the part of the Contractor, or lost through fault of the Government.

(c) Total cost. It is estimated that the total cost to the Government for the performance of this contract shall not exceed the ceiling price set forth in the Schedule and the Contractor agrees to use its best efforts to perform the work specified in the Schedule and all obligations under this contract within such ceiling price. If at any time the Contractor has reason to believe that the hourly rate payments and material costs that will accrue in performing this contract in the next succeeding 30 days, if added to all other payments and costs previously accrued, will exceed 85 percent of the ceiling price in the Schedule, the Contractor shall notify the Contracting Officer giving a revised estimate of the total price to the Government for performing this contract with supporting reasons and documentation. If at any time during performing this contract, the Contractor has reason to believe that the total price to the Government for performing this contract will be substantially greater or less than the then stated ceiling price, the Contractor shall so notify the Contracting Officer, giving a revised estimate of the total price for performing this contract, with supporting reasons and documentation. If at any time during performing this contract, the Government has reason to believe that the work to be required in performing this contract will be substantially greater or less than the stated ceiling price, the Contracting Officer will so advise the Contractor, giving the then revised estimate of the total amount of effort to be required under the contract.

(d) Ceiling price. The Government shall not be obligated to pay the Contractor any amount in excess of the ceiling price in the Schedule, and the Contractor shall not be obligated to continue

performance if to do so would exceed the ceiling price set forth in the Schedule, unless and until the Contracting Officer shall have notified the Contractor in writing that the ceiling price has been increased and shall have specified in the notice a revised ceiling that shall constitute the ceiling price for performance under this contract. When and to the extent that the ceiling price set forth in the Schedule has been increased, any hours expended and material costs incurred by the Contractor in excess of the ceiling price before the increase shall be allowable to the same extent as if the hours expended and material costs had been incurred after the increase in the ceiling price.

(e) Audit. At any time before final payment under this contract the Contracting Officer may request audit of the invoices or vouchers and substantiating material. Each payment previously made shall be subject to reduction to the extent of amounts, on preceding invoices or vouchers, that are found by the Contracting Officer not to have been properly payable and shall also be subject to reduction for overpayments or to increase for underpayments. Upon receipt and approval of the voucher or invoice designated by the Contractor as the "completion voucher" or "completion invoice" and substantiating material, and upon compliance by the Contractor with all terms of this contract (including, without limitation, terms relating to patents and the terms of (f) and (g) below, the Government shall promptly pay any balance due the Contractor. The completion invoice or voucher, and substantiating material, shall be submitted by the Contractor as promptly as practicable following completion of the work under this contract, but in no event later than 1 year (or such longer period as the Contracting Officer may approve in writing) from the date of completion.

(f) Assignment. The Contractor, and each assignee under an assignment entered into under this contract and in effect at the time of final payment under this contract, shall execute and deliver, at the time of and as a condition precedent to final payment under this contract, a release discharging the Government, its officers, agents, and employees of and from all liabilities, obligations, and claims arising out of or under this contract, subject only to the following exceptions:

(1) Specified claims in stated amounts, or in estimated amounts if the amounts are not susceptible of exact statement by the Contractor.

(2) Claims, together with reasonable incidental expenses, based upon the liabilities of the Contractor to third parties arising out of performing this contract, that are not known to the Contractor on the date of the execution of the release, and of which the Contractor gives notice in writing to the Contracting Officer not more than 6 years after the date of the release or the date of any notice to the Contractor that the Government is prepared to make final payment, whichever is earlier.

(3) Claims for reimbursement of costs (other than expenses of the Contractor by reason of its indemnification of the Government against patent liability), including reasonable incidental expenses, incurred by the Contractor under the terms of this contract relating to patents.

(g) Refunds. The Contractor agrees that any refunds, rebates, or credits (including any related interest) accruing to or received by the Contractor or any assignee, that arise under the materials portion of this contract and for which the Contractor has received reimbursement, shall be paid by the Contractor to the Government. The Contractor and each assignee, under an assignment entered into under this contract and in effect at the time of final payment under this

contract, shall execute and deliver, at the time of and as a condition precedent to final payment under this contract, an assignment to the Government of such refunds, rebates, or credits (including any interest) in form and substance satisfactory to the Contracting Officer.

(h) Interim payments. (1) Interim payments made prior to the final payment under the contract are contract financing payments. Contract financing payments are not subject to the interest penalty provisions of the Prompt Payment Act.

(2) The designated payment office will make interim payments for contract financing on the 30TH day after the designated billing office receives a proper payment request. In the event that the Government requires an audit or other review of a specific payment request to ensure compliance with the terms and conditions of the contract, the designated payment office is not compelled to make payment by the specified due date.

### **C.10 NRC Acquisition Clauses - (NRCAR) 48 CFR Ch. 20**

#### **C.11 Other Applicable Clauses**

[x] See Addendum for the following in full text (if checked)

52.216-18, Ordering

52.216-19, Order Limitations

52.216-22, Indefinite Quantity

52.217-6, Option for Increased Quantity

52.217-7, Option for Increased Quantity Separately Priced Line Item

52.217-8, Option to Extend Services

52.217-9, Option to Extend the Term of the Contract

#### **C.12 SEAT BELTS**

Contractors, subcontractors, and grantees, are encouraged to adopt and enforce on-the-job seat belt policies and programs for their employees when operating company-owned, rented, or personally owned vehicles.

## SECTION D - CONTRACT DOCUMENTS, EXHIBITS, OR ATTACHMENTS

### D.1 BILLING INSTRUCTION FOR LABOR HOUR TYPE CONTRACTS

General: The contractor shall prepare vouchers/invoices for reimbursement of costs in the manner and format described herein or a similar format. **FAILURE TO SUBMIT VOUCHERS/INVOICES IN ACCORDANCE WITH THESE INSTRUCTIONS WILL RESULT IN REJECTION OF THE VOUCHER/INVOICE AS IMPROPER.**

Number of Copies: An original and three copies, including supporting documentation shall be submitted. A copy of all supporting documents must be attached to each copy of your voucher/invoice. Failure to submit all the required copies will result in rejection of the voucher/invoice as improper.

Designated Agency Billing Office: Vouchers/invoices shall be submitted to the following address:

U.S. Nuclear Regulatory Commission  
Division of Contracts  
Mail Stop T-7-I-2  
Washington, D.C. 20555

HAND DELIVERY OF VOUCHERS/INVOICES IS DISCOURAGED AND WILL NOT EXPEDITE PROCESSING BY NRC. However, should you choose to deliver vouchers/invoices by hand, including delivery by any express mail services or special delivery services which use a courier or other person to deliver the voucher/invoice in person to the NRC, such vouchers/invoices must be addressed to the above Designated Agency Billing Office and will only be accepted at the following location:

U.S. Nuclear Regulatory Commission  
One White Flint North  
11555 Rockville Pike - Mail Room  
Rockville, MD 20852

HAND-CARRIED SUBMISSIONS WILL NOT BE ACCEPTED AT OTHER THAN THE ABOVE ADDRESS.

Note that the official receipt date for hand-delivered vouchers/invoices will be the date it is received by the official agency billing office in the Division of Contracts and Property Management.

Agency Payment Office: Payment will be made by the following office:

U.S. Nuclear Regulatory Commission  
Division of Accounting and Finance GOV/COMM  
Mail Stop T-9-H4  
Washington, DC 20555

Frequency: The contractor shall submit claims for reimbursement once each month, unless otherwise authorized by the Contracting Officer.

Format: Claims should be submitted in the format depicted on the attached sample form entitled "Voucher/Invoice for Purchases and Services Other Than Personal" (see Attachment) or a similar format. **THE SAMPLE FORMAT IS PROVIDED FOR GUIDANCE ONLY AND IS NOT REQUIRED FOR SUBMISSION OF A VOUCHER/INVOICE. ALTERNATE FORMATS ARE PERMISSIBLE PROVIDED ALL REQUIREMENTS OF THE BILLING INSTRUCTIONS ARE ADDRESSED.**

Billing of Costs After Expiration of Contract/Purchase Order: If the costs are incurred during the purchase order period and claimed after the purchase order has expired, the period during which these costs were incurred must be cited. To be considered a proper voucher/invoice, the contractor shall clearly mark it "EXPIRATION VOUCHER" OR "EXPIRATION INVOICE".

Currency: Billings may be expressed in the currency normally used by the contractor in maintaining his accounting records; payments will be made in that currency. However, the U.S. dollar equivalent for all vouchers/invoices paid under the purchase order may not exceed the total U.S. dollars authorized in the purchase order.

ATTACHMENT-SAMPLE FORMAT

**INVOICE/VOUCHER FOR PURCHASES  
AND  
SERVICES OTHER THAN PERSONAL**

(SAMPLE FORMAT - COVER SHEET)

<u>Official Agency Billing Office</u>	(a) Purchase Order No: _____
U.S. Nuclear Regulatory Commission	(b) Voucher/Invoice No: _____
Division of Contracts and Property	(c) Date of Voucher/Invoice: _____
Management MS: T-7-I2	
Washington, DC 20555-0001	

Payee's Name and Address

(d) Individual to Contact Regarding Voucher/Invoice  
Name: \_\_\_\_\_  
Telephone No: \_\_\_\_\_

(e) This voucher/invoice represents reimbursable costs for the billing period  
\_\_\_\_\_ to \_\_\_\_\_.

	<u>Current Period</u>	<u>Amount Billed</u> <u>Cumulative</u>
(f) <u>Direct Costs:</u>		
(1) Direct Labor*	\$ _____	\$ _____
(2) Travel*	\$ _____	\$ _____
Total Direct Costs:	\$ _____	\$ _____

\* The contractor shall submit as an attachment to its invoice/voucher cover sheet a listing of labor categories, hours billed, fixed hourly rates, total dollars, and cumulative hours billed to date under each labor category, authorized under the purchase order for each of the three activities to be performed under the purchase order. In addition, the contractor shall include travel costs incurred with the required supporting documentation, as well as, the cumulative total of travel costs billed to date by activity.

D.2

**AUTHORITY**  
The policies, procedures, and criteria of the NRC Security Program, NRCMD 12, apply to performance of this contract, subcontract or other activity.

### CONTRACT SECURITY AND/OR CLASSIFICATION REQUIREMENTS

**COMPLETE CLASSIFIED ITEMS BY SEPARATE CORRESPONDENCE**

1. CONTRACTOR NAME AND ADDRESS

TBD

A. CONTRACT NUMBER FOR COMMERCIAL CONTRACTS OR JOB CODE FOR DOE PROJECTS (Prime contract number must be shown for all subcontracts.)

**CFO-06-130**

B. PROJECTED START DATE

**08/30/2006**

C. PROJECTED COMPLETION DATE

**02/28/2011**

2. TYPE OF SUBMISSION

A. ORIGINAL

B. REVISED (Supersedes all previous submissions)

C. OTHER (Specify)

3. FOR FOLLOW-ON CONTRACT, ENTER PRECEDING CONTRACT NUMBER AND PROJECTED COMPLETION DATE

A. DOES NOT APPLY



B. CONTRACT NUMBER

DATE

4. PROJECT TITLE AND OTHER IDENTIFYING INFORMATION

#### Internal Controls Monitoring and Support

Contractor will evaluate, test, and provide support to the Agency's efforts to comply with OMB Circular A-123 "Management's Responsibility for Internal Control"

5. PERFORMANCE WILL REQUIRE

A. ACCESS TO CLASSIFIED MATTER OR CLASSIFIED INFORMATION

YES (If "YES," answer 1-7 below)

NO (If "NO," proceed to 5.C.)

NOT APPLICABLE

NATIONAL SECURITY

RESTRICTED DATA

SECRET

CONFIDENTIAL

SECRET

CONFIDENTIAL

1. ACCESS TO FOREIGN INTELLIGENCE INFORMATION

2. RECEIPT, STORAGE, OR OTHER SAFEGUARDING OF CLASSIFIED MATTER. (See 5.B.)

3. GENERATION OF CLASSIFIED MATTER.

4. ACCESS TO CRYPTOGRAPHIC MATERIAL OR OTHER CLASSIFIED COMSEC INFORMATION.

5. ACCESS TO CLASSIFIED MATTER OR CLASSIFIED INFORMATION PROCESSED BY ANOTHER AGENCY.

6. CLASSIFIED USE OF AN INFORMATION TECHNOLOGY PROCESSING SYSTEM.

7. OTHER (Specify)

B. IS FACILITY CLEARANCE REQUIRED?

YES

NO

C.  UNESCORTED ACCESS IS REQUIRED TO PROTECTED AND VITAL AREAS OF NUCLEAR POWER PLANTS.

D.  ACCESS IS REQUIRED TO UNCLASSIFIED SAFEGUARDS INFORMATION.

E.  ACCESS IS REQUIRED TO SENSITIVE IT SYSTEMS AND DATA.

F.  UNESCORTED ACCESS TO NRC HEADQUARTERS BUILDING.

FOR PROCEDURES AND REQUIREMENTS ON PROVIDING TEMPORARY AND FINAL APPROVAL FOR UNESCORTED ACCESS, REFER TO NRCMD 12.

6. INFORMATION PERTAINING TO THESE REQUIREMENTS OR THIS PROJECT, EVEN THOUGH SUCH INFORMATION IS CONSIDERED UNCLASSIFIED, SHALL NOT BE RELEASED FOR DISSEMINATION EXCEPT AS APPROVED BY:

NAME AND TITLE  <b>Ruth Spencer, Program Assistant (contract project manager)</b>	SIGNATURE  <i>Ruth Spencer</i>	DATE  5/23/06
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**7. CLASSIFICATION GUIDANCE**

NATURE OF CLASSIFIED GUIDANCE IDENTIFICATION OF CLASSIFICATION GUIDES  
n/a

**8. CLASSIFIED REVIEW OF CONTRACTOR / SUBCONTRACTOR REPORT(S) AND OTHER DOCUMENTS WILL BE CONDUCTED BY:**

AUTHORIZED CLASSIFIER (Name and Title)       DIVISION OF FACILITIES AND SECURITY

**9. REQUIRED DISTRIBUTION OF NRC FORM 187 Check appropriate box(es)**

SPONSORING NRC OFFICE OR DIVISION (Item 10A)       DIVISION OF CONTRACTS AND PROPERTY MANAGEMENT  
 DIVISION OF FACILITIES AND SECURITY (Item 10B)       CONTRACTOR (Item 1)  
 SECURITY/CLASSIFICATION REQUIREMENTS FOR SUBCONTRACTS RESULTING FROM THIS CONTRACT WILL BE APPROVED BY THE OFFICIALS NAMED IN ITEMS 10B AND 10C BELOW.

**10. APPROVALS**

SECURITY/CLASSIFICATION REQUIREMENTS FOR SUBCONTRACTS RESULTING FROM THIS CONTRACT WILL BE APPROVED BY THE OFFICIALS NAMED IN ITEMS 10B AND 10C BELOW.

NAME (Print or type)	SIGNATURE	DATE
A. DIRECTOR, OFFICE OR DIVISION  <b>Mary S. Givvines, Director, DFM</b>	SIGNATURE  <i>Mary S. Givvines</i>	DATE  5/23/06
B. DIRECTOR, DIVISION OF FACILITIES AND SECURITY  <b>Sharon D. Stewart, Director, ADM/DFS</b>	SIGNATURE  <i>Sharon D. Stewart</i>	DATE  5/26/06
C. DIRECTOR, DIVISION OF CONTRACTS AND PROPERTY MANAGEMENT (Not applicable to DOE agreements) <i>DONALD A. KING</i> <b>Mary Lynn Scott, Director, ADM/DC</b>	SIGNATURE  <i>Donald A. King</i>	DATE  5/26/06

REMARKS