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ADDITIONAL PROVISIONS FOR ORDERS USING THE *GENERAL PROVISIONS FOR COMMERCIAL ORDERS*
NEWPORT NEWS SHIPBUILDING DIVISION SUPPLEMENT

(This document is to be used in conjunction with Huntington Ingalls Incorporated GENERAL PROVISIONS FOR COMMERCIAL ORDERS issued by the Newport News Shipbuilding Division.)

PROVISION NUMBER AND HEADING:

7	COMPLIANCE WITH WORKSITE RULES
10	DELIVERY
3	DOMESTIC BARGE SHIPMENTS
2	FREIGHT CHARGES
4	HEAVY MATERIAL
8	INVOICE PROCESSING
5	PACKING AND CRATING
9	PAYMENTS FOR TIME-AND-MATERIALS/LABOR-HOUR ORDERS
1	SHIPPING AND LABELING INSTRUCTIONS
11	TRAVEL COSTS
6	VALUE DECLARATION

- 1. SHIPPING AND LABELING INSTRUCTIONS.** [\(back to top\)](#) Unless otherwise provided in the Order, Seller shall ship material to: Huntington Ingalls Incorporated, Main Distribution Center, 2175 Aluminum Avenue, Bldg. 872, Hampton, VA 23661. Seller shall clearly mark each shipping package, container label and all shipping documents with the Order number (P. O. #XXXXXXXXXX), the item number, the Newport News Part number (if applicable), Seller's invoice number, and the release number (if applicable). For container labels, Seller shall provide the following additional information: Shipper's name and address; Consignee Name; number of packages; gross and net weight and number of pieces per carton. Sellers shall go to the routing guide at: <http://supplier.huntingtoningalls.com> for complete shipping instructions. Use the carrier in the guide for the shipping location. The Buyer's routing requirements shall flow down to the Seller's suppliers. In those instances when the Seller's supplier must ship to the Buyer, the sub-supplier must contract the NNS Traffic Office at NNSTrafficOffice@hii-nns.com or (800) 426-1910 for assistance.
- 2. FREIGHT CHARGES.** [\(back to top\)](#) Unless otherwise specified in this Order, the Buyer will pay freight charges and insurance, and Seller shall ship to Buyer on a freight collect basis using Buyer's preferred carrier. Buyer will not accept C.O.D. shipments unless expressly provided for in the Order. If the Buyer does accept C.O.D. shipments and the freight cost is \$200 or more, the Seller shall ensure a copy of the freight bill from the freight carrier is provided as back up documentation when the invoice is submitted to Accounts Payable. If the freight bill is not submitted with the invoice, the entire invoice will be rejected and the Seller will need to resubmit the invoice with the proper documentation.

3. **DOMESTIC BARGE SHIPMENTS.** [\(back to top\)](#) Seller shall notify the Traffic Section of Buyer at 1-800-426-1910 at least 30 calendar days prior to shipment by domestic barge.
4. **HEAVY MATERIAL.** [\(back to top\)](#) Seller shall mark *DELIVER ON FLAT BED TRAILER* when shipping single articles that exceed 4,000 pounds or that do not adapt to safe unloading with a standard forklift truck.
5. **PACKING AND CRATING.** [\(back to top\)](#) Seller shall, when practicable, ship in packages or loose pieces for unloading by a standard 4,000-pound forklift truck. Unless otherwise provided in the Order, Seller's price includes all charges for packing and crating.
6. **VALUE DECLARATION.** [\(back to top\)](#) Seller shall not insure for excess value via any mode of transportation. For shipments at Buyer's risk in which freight rates are based on *released value* Seller shall declare the lowest value on the bill of lading. For shipments at Buyer's risk via domestic air freight, air freight forwarder, and Parcel Post, Seller shall insert the notation *NVD* (no value declared).
7. **COMPLIANCE WITH WORKSITE RULES.** [\(back to top\)](#) *(applicable only if Seller will be performing work on Buyer's property, a worksite under Buyer's control, or a third party's worksite in connection with performance under this Order)*
 - A. While on Buyer's property/worksite, Seller shall comply with all of Buyer's safety and security rules and regulations to include, but not limited to, the most recent version of Buyer's safety handbook. A copy of this handbook can be obtained from Buyer's purchasing representative.
 - B. If required, Seller will obtain a background check, at Seller's expense, for all employees as outlined at <https://supplier.huntingtoningalls.com/sourcing/AccessNNS.html>. Background checks shall be obtained through <https://ca.fadv.com/CA/newportnews>.
 - C. Prior to performing Production Work on Buyer's Newport News, Virginia, property, or at other locations if informed by Buyer that Seller must be "safety qualified" to perform the work, Seller shall also coordinate with Buyer's Environmental, Health, and Safety (EH&S) Department (O27) to complete the qualification process, and comply with the requirements of Buyer's "Contractor EH&S Resource Manual" which is available under Supplier Resources at this web site: http://supplier.huntingtoningalls.com/sourcing/Contractor_Safety/index.html. "Production Work" is defined as operations that involve hazards to personnel, including but not limited to construction, demolition, "hot work," work in enclosed and confined spaces, blasting, painting, material handling, working with hazardous materials or equipment, efforts in direct support of Buyer's Production Work, and similar operations.
 - D. If in performance of this order Seller performs work at a third party's worksite, Seller shall comply with all rules and regulations of that worksite, including safety and health rules and procedures, and the use of required personal protective equipment. Seller guarantees strict compliance by all its employees, agents and lower tier subcontractors while on the third party's premises.
 - E. In addition to any other remedies Buyer may be entitled to, Buyer may, without notice and an opportunity to cure:
 - i. Terminate this Order for default if Seller fails to comply with any part of provision 7; or
 - ii. Expel from Buyer's property/work site, any employee, subcontractor or agent of Seller found violating any part of provision 7.
 - F. Access by non-U.S. citizens to Buyer's property/worksite is prohibited unless approved in writing by Buyer.

8. INVOICE PROCESSING. [\(back to top\)](#)

Unless Seller is part of Buyer's Invoiceless Payment System, Seller shall email a PDF version of all invoices showing the Order number and Order Item Number to the Huntington Ingalls Incorporated email address on the first page of this Order. If Buyer does not fully pay Seller's original invoice because of a performance deficiency, Seller must submit a new invoice for any remaining amounts due after Seller corrects the deficiency that caused the partial payment. The Seller shall ensure the purchase order line item is clearly referenced on each item being invoiced. The Seller shall also ensure the invoice is submitted in the same unit of measure as the purchase order. If the purchase order line items are not referenced and the unit of measure is different from the purchase order, the entire invoice will be rejected and the Seller will need to resubmit the invoice with the proper criteria. If the invoice is for a down payment/milestone payment, the invoice must be submitted with the waiver of lien, insurance papers and Application for Partial Payment and Certification of Milestone Completion and Incurred Cost Form (NN9626). If these documents are not submitted with the invoice, the entire invoice will be reject and the Seller will need to resubmit the invoice with the proper documentation.

9. PAYMENTS FOR TIME-AND-MATERIALS/LABOR-HOUR ORDERS. [\(back to top\)](#) Buyer will pay Seller as follows upon the submission of proper invoices:

A. Hourly rate.

- i. The amounts shall be computed by multiplying the appropriate hourly rates prescribed in this Order 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. Unless otherwise specified, invoices may be submitted once each month to Buyer. Seller shall substantiate invoices by evidence of actual payment and by individual daily job timecards, or other substantiation approved by Buyer.
- ii. Buyer may unilaterally issue a modification requiring the Seller to withhold amounts from its billings until a reserve is set aside in an amount that the Buyer considers necessary to protect the Buyer's interests. Buyer may require a withhold of 5 percent of the amounts due under this paragraph, but the total amount withheld for this Order shall not exceed \$50,000. The amounts withheld shall be retained until final payment under this Order.
- iii. Unless otherwise specified, the hourly rates in the Order shall not be varied by virtue of Seller having performed work on an overtime basis. If no overtime rates are provided in this Order and overtime work is approved in advance by the Buyer, overtime rates shall be negotiated. Failure to agree upon these overtime rates shall be treated as a dispute under the Disputes paragraph. If this Order provides rates for overtime, the premium portion of those rates will be reimbursable only to the extent the overtime is approved by the Buyer.

B. Materials and subcontracts (if specified in this Order).

- i. Buyer will reimburse Seller at Seller's cost for direct materials. Direct materials, as used in this paragraph, 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 or service.
- ii. Seller 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 Seller's usual accounting practices. Buyer will reimburse Seller for supplies and services purchased directly for this Order when Seller has made payments of cash, checks, or other forms of payment for these purchased supplies or

services; or will make these payments determined due in accordance with the terms and conditions of a subcontract or invoice. Seller shall not charge Buyer for profit or fee on materials on time and material/labor-hour orders.

- iii. Buyer will not reimburse Seller 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 this paragraph.
- iv. Seller shall give credit to Buyer for cash and trade discounts, rebates, scrap, commissions, and other amounts that have accrued to the benefit of Seller, or would have accrued except for the fault or neglect of Seller.
- v. If the nature of the work to be performed requires Seller to furnish material that Seller regularly sells to the general public in the normal course of business, the price to be paid for such material, notwithstanding the other requirements of this paragraph, shall be on the basis of an established catalog or list price, in effect when the material is furnished, less all applicable discounts to the Buyer, provided that in no event shall such price be in excess of the Seller's sales price to its most favored customer for the same item in like quantity, or the current market price, whichever is lower.

- C. **Total Cost.** It is estimated that the total cost to Buyer for the performance of this Order shall not exceed the ceiling price set forth in the Order and the Seller agrees to use its best efforts to perform the work specified in this Order and all obligations under this Order within such ceiling price. If at any time Seller has reason to believe that the hourly rate payments and material costs that will accrue in performing this Order in the next succeeding 30 days, if added to all other payments and costs previously accrued, will exceed 75 percent of the ceiling price in this Order, Seller shall notify Buyer giving a revised estimate of the total price to the Buyer for performing this Order with supporting reasons and documentation.
- D. **Ceiling price.** Buyer shall not be obligated to pay Seller any amount in excess of the ceiling price in this Order, and Seller shall not be obligated to continue performance if to do so would exceed the ceiling price set forth in this Order, unless and until Buyer shall have notified Seller 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 Order. When and to the extent that the ceiling price set forth in this Order has been increased, any hours expended and material costs incurred by Seller 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 Order Buyer may request audit of the invoices and substantiating material. Each payment previously made shall be subject to reduction to the extent of amounts, on preceding invoices, that are found by Buyer not to have been properly payable and shall also be subject to reduction for overpayments or to increase for underpayments.

10. DELIVERY. ([back to top](#)) These requirements are in addition to those contained in the "Delivery, Title" clause in the *"General Provisions for Commercial Orders."* All deliveries shall be strictly in accordance with the applicable quantities and schedules set forth in this Order. Unless otherwise specified in this Order, Seller shall not:

- A. Make partial shipments of individual line items; or

- B. Make shipments more than 90 days in advance.

11. TRAVEL COSTS. ([back to top](#)) The following apply when Buyer will be reimbursing Seller travel expenses on a cost-reimbursement basis.

- A. Seller will obtain Buyer's prior written approval before engaging in travel under this Order unless the travel is directed in writing by Buyer. Seller's request will fully disclose all facts regarding the proposed trip, including, but not limited to: the employee(s) involved, the purpose of the trip and destination, the dates, and the proposed mode(s) of transportation.
- B. Costs incurred by Seller personnel on travel ("Travel Costs") must comply with the Federal Acquisition Regulations ("FAR") including, but not limited to, FAR 31.205-46. Buyer will not be liable to Seller for any travel costs incurred in connection with travel not pre-approved or directed by Buyer in accordance with paragraph A.
 - i. *Applicable GSA Rates.* Seller shall invoice Buyer for lodging, meals, and incidental expenses based on the maximum per diem rate for the locality of travel specified in the Federal Travel Regulations, prescribed by the General Services Administration ("GSA"), for travel in the contiguous United States. The applicable GSA rate is based on the per night geographic location of lodging. GSA rates for the day of return are based on the locality of the preceding night's lodging. Lodging location must be in the same city in which work is being performed or in a location that has lower per diem than the work location. If Seller's employees are conducting work on a ship check in international waters the meal per diem rate will be based on the standard rate for country of the port of departure.
 - ii. *Airfare Costs.* Buyer will not be liable to Seller for airfare costs in excess of the lowest priced airfare available to Seller during normal business hours ("Lowest Fare"). Buyer may reimburse Seller for airfare in excess of the Lowest Fare when it meets an exception stated in FAR 31.205-46(b). If requested by Buyer, Seller will provide documentation supporting Seller's selection of the Lowest Fare.
 - iii. *Vehicle Transportation.*
 - a) *Seller Employee Personally Owned Vehicles.* Buyer will reimburse Seller at the prevailing Internal Revenue Service standard mileage rates for employees using their personally owned vehicles for work in connection with the Order. Seller shall provide documentation from Google Maps, or another map service, showing the start and stop location, route map, and the number of miles for the trip. If the start location cannot be provided due to employee confidentiality, the Seller shall provide the start city, zip code, and state.
 - b) *Rental Car Costs.* Buyer will reimburse Seller for a full size or smaller vehicle only. Seller shall not invoice for luxury cars or sport utility vehicles. Rental car gas tanks shall be refilled upon return of the vehicle.
 - c) *Fines.* Seller shall be responsible for all fines for traffic or parking violations. Buyer will not reimburse these as travel costs or otherwise.
 - iv. *Tips.* Tips for meals, baggage handling, and maids will be included in the meal and lodging cost and subject to the prevailing GSA per diem meal and lodging rate. Tips for transportation and taxis required for business purposes are not included in, or subject to, the per diem caps. Buyer will reimburse Seller for reasonable amounts for such tips provided they are adequately explained in Seller's expense report.
 - v. *Alcohol.* Buyer will not reimburse costs for alcoholic beverages consumed during meals or otherwise while on travel.

C. Submission of Travel Expenses

- i. Seller will itemize all travel expenses for which it will be claiming reimbursement utilizing the NNS Travel Expense Form located at https://supplier.huntingtoningalls.com/sourcing/accounts_payable.html. Seller shall include a copy of receipts for air or rail transportation, lodging, and car rentals regardless of the amount. Gasoline purchased for rental vehicles require a receipt if in excess of \$75.00.
- ii. Failure to provide the required receipts and NNS Travel Expense form will result in non-payment of invoice until all documentation is received. If the Seller does not itemize all travel expenses on the invoice and/or provide the required receipts, **the entire invoice will be rejected and the Seller will need to resubmit with the necessary documentation.**
- iii. The Seller will only include travel related expenses on the invoice. Related material, labor, and other costs should be included on a separate invoice.
- iv. The Seller will ensure timely submittal for travel related expenses by invoicing costs within one month of incurring the cost. Failure to submit travel expenses within this time frame may result in non-payment of expenses.
- v. The requirements in this section apply to costs incident to travel for temporary job assignments, i.e. assignments to a work location for a period of less than 12 months. Buyer will not reimburse Seller for costs incident to travel for assignments more than 12 months unless specifically identified by Seller and agreed to in writing by Buyer prior to the travel's occurring.