

The Ministry Representative may increase or decrease the frequency of QA inspection and testing during the course of the Work, based in part on the actual effectiveness of the Contractor's QC Plan.

**101.04 Quality Audit** – The Ministry may have one or more auditors on the Project, supplementing the work of the Ministry QA staff. When utilized, the auditor(s) will report to the Ministry Representative and provide a systematic and independent assessment of whether or not the materials and Project activities and related results comply with the Contract, the Contractor's QC Plan, and the Ministry's QA Plan. These auditors may be Ministry employees but will be assigned from resources which have not otherwise been involved with the Work.

The objective of Quality Auditing is to have an independent opinion on both QC and QA activities and be proactive in avoiding or reducing quality related issues by requiring the process of conformance verification to be systematic.

The auditor(s) will be allowed unrestricted access to the Site and all activities therein, to all testing and documentation of the work done by the Ministry, Contractor and their agents and suppliers.

**101.05 Non-Conformance Reports (NCRs)** – The Contractor shall and the Ministry may review the Work to determine conformance with the contractual requirements.

Non-conformances found shall be dealt with as follows.

**101.05.01 Contractor's Internal NCR** – Should the Contractor's QC reporting indicate that the Work is not in conformance, the QC Manager shall issue an internal Non-Conformance Report (NCR) to the Contractor, with a copy to the Ministry, including a response time.

The Contractor shall then respond to the QC Manager, with a copy to the Ministry Representative, with respect to the NCR, within the specified time, with proposed resolutions and corrective actions. The Contractor and/or the QC Manager may consult with the Ministry Representative on the resolutions but is not required to do so.

Payment for a Quality Management will not be affected by internal NCRs, as long as the issue is diligently pursued and resolved.

Payment for the Work itself may be withheld until the NCR issue is resolved.

**101.05.02 Ministry-Issued NCR** – Should the Ministry's QA reporting indicate that the Work is not in conformance, the Ministry Representative will issue to the Contractor a NCR, including a response time.

The Contractor shall then respond to that NCR, within the specified time, with proposed resolutions and corrective actions.

The Ministry Representative will accept or reject the proposed resolution and corrective action proposal.

Assurance testing and inspection will be performed to determine if the corrective action has provided an acceptable product. Acceptance and rejection will continue until the Ministry Representative determines that a quality product has been achieved.

A portion of the payment for a Quality Management may be withheld until the NCR issue is resolved or, in accordance with SS 101.07, may be withheld permanently.

Payment for the Work itself may be withheld until the NCR issue is resolved.

**101.05.03 Opportunity for Improvement** – Should the QA review indicate that the Work is not in conformance, but the variance is deemed minor by the Ministry Representative, the Ministry Representative may issue an Opportunity for Improvement (OFI) report.

The Contractor is encouraged to review the findings and undertake such modifications to the QC Plan and the work procedures as necessary to address the issue.

An OFI will not affect payment for Quality Management or for the Work itself.

**101.06 Appeal** – If the Contractor disputes the validity of a finding in an NCR, the Contractor may file an appeal with the Ministry Representative. The Ministry Representative and the Contractor Representative will use all reasonable efforts to refine the area of dispute and to resolve the determination of conformance with the Contract.

If the Ministry Representative and the Contractor Representative cannot come to a mutually agreeable resolution, the Work that is the subject of the Non-Conformance Report shall be re-evaluated by an independent third-party, selected by the Ministry Representative in consultation with the Contractor, at a test frequency equivalent to twice that specified in the Contract or to such other frequency as may be mutually agreed between the Ministry Representative and the Contractor.

If the appeal testing confirms the non-conformance determination, all appeal testing costs will be borne by the Contractor. If the appeal testing shows that the Work did in fact meet the requirements of the Contract, all appeal testing costs will be borne by the Ministry.

**101.07 Payment** – The Lump Sum Price bid for Quality Management shall be full compensation for all costs resulting from the Quality Management requirements set out in the Contract.

Payment will be made on a monthly basis prorated for the percentage of the total Work completed as determined by the Ministry Representative, subject to the Contractor being totally compliant with the requirements of this Section and with its own Quality Control Plan.

## SECTION 101

The Ministry Representative, in consultation with the Ministry construction manager following the issuance of a Ministry- issued NCR pursuant to SS 107.05.02 may deduct an amount from any monthly payment so computed, for any quality management work required but not satisfactorily undertaken during that month.

The Ministry Representative may also reduce the total Lump Sum payable by the value of any quality management work required but not satisfactorily undertaken during the Term of the Contract. The foregoing determinations will be made in the sole discretion of the Ministry Representative.

## QUALITY MANAGEMENT

Inspection or testing by the Ministry Representative will be at the Ministry's cost. However, re-inspection or re-testing by the Ministry for repaired or replaced Work items that originally did not meet contract requirements shall be at the Contractor's cost.

Work that is deemed unacceptable in accordance with SS 101.01 will not be eligible for payment from the applicable Item for that Work.

The Completion Certificate will not be issued if there are any unresolved Non-Conformance Reports.