

J & M ADRIAENSSENS
Contract CSD-720
SCHEDULE

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Direct labor will not include the working time of non-productive personnel including, but not limited to partners, officers, contact men, supervisors, expeditors, non-working foremen, non-working chargehands, quality control personnel, clerks, typists, timekeepers, material handlers, stockroom employees, truck drivers, and receiving and shipping employees. The time of such personnel is included in the overhead portion of the direct labor rate.

2.a. The contract price shall not include any amount on account of overtime premiums or shift premiums, except to the extent that they either (i) have been approved in writing on behalf of the United States Government or (ii) are paid for work when prior approval is obtained from the Contracting Officer:

(1) necessary to cope with emergencies such as those resulting from accidents, natural disasters, breakdowns of production equipment, or occasional production bottle-necks of a sporadic nature;

(2) By indirect labor employees such as those performing duties in connection with administration, protection, transportation, maintenance, standby plant protection, operations of utilities or accounting;

(3) in the performance of tests, industrial processes, laboratory procedures, loading or unloading of transportation media, and operations in flight or afloat, which are continuous in nature and cannot reasonably be interrupted or otherwise completed; or

(4) which will result in lower overall cost to the United States Government.

2.b. Notwithstanding the provisions of subparagraphs (2) and (3) above, the Contractor shall not invoice for indirect labor, the time of such personnel being included in the overhead portion of the direct labor rates specified.

E.1. As used herein the allowable costs of direct materials shall include the costs of all items purchased, manufactured, or fabricated which enter directly into the end product or which are used or consumed directly on the vehicle or component parts thereof. All other materials such as office supplies, sweeping compounds and equipment, personnel washroom supplies, lighting supplies, and any other janitorial-type materials which are not actually used directly on the vehicle or its components shall be considered indirect materials.

2. In computing material costs, consideration will be given to reasonable overruns, spoilage, and defective work. Withdrawals from the Contractor's stock will be charged in accordance with the pricing system used by the Contractor, provided such system is approved by the Contracting Officer, and is in accordance with consistently followed, sound accounting practices. Since none of the cost of purchasing department operation is included in the direct labor rate, materials and parts drawn from company stock for use on this contract will be invoiced at the Contractor's inventory card price, less any taxes and duties as applicable plus a prorated share of the Contractor's purchasing dept. overhead.