

**SPECIAL PROVISIONS - COST REIMBURSEMENT CONTRACTS
SP-2 REV. 2 2/26/2010**

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1.0 PREAMBLE

These Special Provisions are requirements of any contract in which this Special Provision document is incorporated. These Special Provisions are applicable in their entirety unless specifically deleted or amended in the Contract and are in addition to the General Provisions and other Special Provisions that apply to this Contract. In the event of a conflict between these Special Provisions and the General Provisions, these Special Provisions shall take precedence.

The term buyer shall mean the Contracting Officer or Contract Specialist authorized to represent the Buyer issuing this contract. The term "Buyer" refers directly to CH2M HILL PLATEAU REMEDIATION COMPANY, the company or organization issuing this Contract.

If the terms of the Contract do not provide for payment of fee, any reference to fee herein shall be of no effect.

Clauses included or referenced herein which are applicable only to other types of contracts or work scopes shall have no effect on this contract.

2.0 COSTS ASSOCIATED WITH WHISTLEBLOWER ACTIONS

A. Definitions

1. Adverse Determination means:

- a. A judgment of liability against the Contractor and in favor of the employee in an action in a judicial forum;
- b. A recommended decision under 29 CFR 24.6 by an Administrative Law Judge that the Contractor has violated the employee provisions of the statutes or executive orders for which the Secretary of Labor has been assigned enforcement responsibility;
- c. An initial agency decision, under 10 CFR 708.10 that the Contractor has engaged in conduct prohibited by 10 CFR 708.5;
- d. Any decision against the Contractor by the head of an executive agency under Section 6006 of the Federal Acquisition Streamlining Act, Pub. L. 103-355 (adding Section 315 of the Federal Property and Administrative Services Act of 1949 (41 U. S. C. 251, et seq.);

2. **Retaliatory or Discriminatory Acts** means(s) discharge, demotion, reduction in pay, coercion, restraint, threats, intimidation or other similar negative action taken against an employee by the Contractor during the term of this Contract as a result of activities protected by the statutes enumerated in 29 CFR 24.1(a) or as a result of the employee's disclosure of information, participation in a proceeding or refusal to engage in illegal or dangerous activities as set forth in 10 CFR 708.5(a).

3. **Employee Action** means an action filed in Federal or state court for redress of retaliatory or discriminatory action by the Contractor, any administrative procedure brought by an employee or federal agency under 29 CFR Part 24, or any other complaint filed against the Contractor for retaliatory or discriminatory acts under 10 CFR Part 708 by an employee of any other Contractor or subcontractor which is cognizable under 10 CFR 708.

4. **Litigation Costs** include attorney, consultant, and expert witness fees, but exclude costs of settlements and judgments.

B. All costs incurred in the investigation and/or defense of an employee action under this Contract Clause shall be differentiated and accounted for by the Contractor so as to be separately identifiable. Subsequent to an adverse determination, such costs, as well as costs associated with any interim relief that may be granted, may not be paid from any advanced funding provided pursuant to this Contract. Notwithstanding the foregoing, Buyer may, in appropriate circumstances, provide for conditional payment upon provisions of adequate security, or other adequate assurance, and agreements by the Contractor to repay all litigation costs incurred subsequent to an adverse determination, as well as any interim relief cost, plus interest, unless there is a final determination that the Contractor is not liable for any retaliatory or discriminatory acts. The allowance of such costs, notwithstanding any other provision of the Contract, will be determined in accordance with this Clause.

C. Litigation costs and settlement costs incurred in connection with the defense of, or a settlement of, an employee action is allowable if incurred by the Contractor before any adverse determination of the employee's claim, if

approved as just and reasonable by Buyer and otherwise allowable under the Contract. Cost incurred in pursuit of mediation or other forms of alternative dispute resolution are allowable, if approved as just and reasonable by Buyer, and no adverse determination of the employee's claim has occurred. Additionally, Buyer may, in appropriate circumstances, reimburse the Contractor for litigation and costs of judgments and settlements, which, in aggregate, do not exceed any prior settlement offer approved by Buyer and rejected by the employee.

- D. Except as provided in paragraphs 2.0-C., 2.0-D. and 2.0-E., any other cost associated with an employee action (including litigation costs connected with, a judgment resulting from, or settlement subsequent to the employee action) are not allowable unless the Contractor receives a judgment or final determination favorable to the Contractor. In such event, reasonable litigation costs incurred by the Contractor are allowable, and the Contractor may submit a request for reimbursement for all such costs incurred subsequent to the adverse determination.
- E. Cost incurred by the Contractor as a result of an employee action for retaliatory or discriminatory acts that resulted from compliance with either (1) specific terms and conditions of the Contract or (2) written instructions from Buyer shall be allowable.
- F. Reasonable litigation costs and settlement costs incurred by, and judgments entered by the Office of Hearings and Appeals against, the Contractor as a result of an employee action for discrimination under 10 CFR 708 are allowable where the Office of Contractor Employee Protection has issued a proposed disposition denying the relief being sought by the employee and the employee requests a hearing by the Office of Hearing and Appeals.
- G. The provisions of this paragraph shall not apply to the defense of suits by employees or ex-employees of the Contractor under FAR 31.205-47.
- H. The Contractor shall insert or have inserted the substance of this Clause in all cost reimbursement subcontracts, with respect to work performed at a DOE-owned or -leased facility where 10 CFR 708 is also applicable under provisions of the Contract Clause entitled "Whistleblower Protection for Contractor Employees."

3.0 ADVANCED UNDERSTANDING OF COSTS

Contractor recognizes, understands and agrees that costs and fees billed against this contract will be submitted to the Department of Energy as charges against the CH2M PRC prime contract. By submittal of an invoice, contractor represents that the invoiced amounts are reasonable, allocable to the contract and allowable charges to the government in accordance with FAR guidelines.

Accordingly, contractor shall obtain buyer approval before incurring contract costs, which are not expressly authorized by the contract or which have been identified by the Buyer as requiring preapproval. In addition to cost limitations specified elsewhere in this contract, the following types of costs require advanced approval by the Buyer, as indicated below:

1. Travel must be in accordance with Federal Travel Regulations and authorized in advance by the cognizant BTR
2. Litigation and legal assistance must have PRC Legal Counsel Consent and conform to the approved CHPRC Legal Resource Management Plan and 10 CFR 719.
3. Conference attendance requires Buyer and Department of Energy authorization
4. Training must be contract-directed and authorized in advance by the cognizant BTR
5. Raises and direct hourly pay increases which affect contract costs, must be in accordance with contractor's compensation plan and agreed to in advance of the effective date by the Contracting Officer.

4.0 WITHDRAWAL OF WORK

- A. The Buyer may, at its option and during the performance of this Contract unilaterally have any of the work contemplated in the Statement of Work of this Contract, performed by either another Contractor or to have the work performed by Buyer or Buyer employees.
- B. Work may be withdrawn; (1) in order for Buyer or the Buyer to conduct pilot programs; (2) if the Contractor's estimated cost of the work is considered unreasonable; (3) for less than satisfactory performance by the Contractor; or (4) for any other reason deemed by the Buyer to be in the best interests of Buyer or the Buyer.
- C. If the withdrawn work has been authorized under an annual Work Authorization Directive, the work shall be terminated in accordance with the procedures in the Contract Clause entitled "Termination (Cost-Reimbursement)."
- D. If any work is withdrawn by the Buyer, the Contractor agrees to fully cooperate with the new performing entity and to provide whatever support is required.

5.0 LAWS, REGULATIONS, AND DOE DIRECTIVES

- A. In performing work under this Contract, the Contractor shall comply with the requirements of:
 - 1. Federal, state and local laws and regulations, unless relief has been granted in writing by the appropriate regulatory agency; and
 - 2. Those DOE directives, or parts thereof, identified in the List of Applicable Directives contained in this Contract.
- B. Buyer may, from time to time, revise the List of Applicable Directives (List) by unilateral modification to the Contract to add, modify, or delete specific requirements. Prior to revising the List, Buyer shall notify the Contractor in writing of Buyer's intent to revise the List and provide the Contractor with the opportunity to (1) assess the effect of the Contractor's compliance with the revised List on Contract cost and funding, technical performance, and schedule and (2) identify any potential inconsistencies between the revised List and the other terms and conditions of the Contract, including an alternative set of requirements incorporated by reference in accordance with paragraph 5.0-D. Within 30 days after receipt of Buyer's notice, the Contractor shall advise Buyer in writing of the potential impact of the Contractor's compliance with the revised List. Based on the information provided by the Contractor and any other information available, Buyer will decide whether to revise the List, and so advise the Contractor not later than 30 days prior to the effective date of the revision of the List. The Contractor and Buyer shall identify and, if appropriate, agree to any changes to other Contract terms and conditions, including cost and schedule, associated with the revision of the List.
- C. The ES&H requirements on the List may be superseded, in whole or in part, and with respect to all or part of the activities under this Contract, by an alternative set of requirements developed through a DOE-approved process (e.g., the Standards/Requirements Identification process or the Necessary and Sufficient process) and approved by Buyer pursuant to that process. An alternative set of requirements may be incorporated into the List by reference but, in any case, shall be construed as requirements of the Contractor as if included on the List. Any proposed changes to the alternative set of requirements shall be developed and approved in accordance with the applicable DOE-approved process.
- D. The Contractor shall be responsible for compliance with the requirements made applicable to this Contract, regardless of the performer of the work. Consequently, the Contractor shall be responsible for flowing down the necessary provisions to subcontracts at any tier to which the Contractor determines such requirements apply.

6.0 ALLOWABLE COST AND PAYMENT FAR 52.216-7 (REVISED)**A. Invoicing.**

The Buyer shall make payments to the Contractor when requested as work progresses, but not more often than once every 4 weeks, in amounts determined to be allowable by the Buyer in accordance with Subpart 31.2 of the Federal Acquisition Regulation (FAR) as supplemented by subpart 931.2 of the Department of Energy Acquisition Regulations (DEAR) in effect on the date of this Contract and the terms of this Contract. The Contractor may submit to an authorized representative of the Buyer, in such form and reasonable detail as the representative may require, an invoice or voucher supported by a statement of the claimed allowable cost for performing this Contract.

B. Reimbursing costs.

1. For the purpose of reimbursing allowable costs (except as provided in subparagraph B. 2. below, with respect to pension, deferred profit sharing, and employee stock ownership plan contributions), the term "costs" includes only:
 - a. Those recorded costs that, at the time of the request for reimbursement, the Contractor has paid by cash, check, or other form of actual payment for items or services purchased directly for the Contract;
 - b. When the Contractor is not delinquent in paying costs of Contract performance in the ordinary course of business, costs incurred, but not necessarily paid, for:
 - i. Materials issued from the Contractor's inventory and placed in the production process for use on the Contract;
 - ii. Direct labor;
 - iii. Direct travel;
 - iv. Other direct in-house costs; and
 - v. Properly allocable and allowable indirect costs, as shown in the records maintained by the Contractor for purposes of obtaining reimbursement under Buyer contracts; and
 - c. The amount of progress payments that have been paid to the Contractor's subcontractors under similar cost standards.
2. Contractor contributions to any pension or other postretirement benefit, profit-sharing or employee stock ownership plan funds that are paid quarterly or more often may be included in indirect costs for payment purposes provided, that the Contractor pays the contribution to the fund within 30 days after the close of the period covered. Payments made 30 days or more after the close of a period shall not be included until the Contractor actually makes the payment. Accrued costs for such contributions that are paid less often than quarterly shall be excluded from indirect costs for payment purposes until the Contractor actually makes the payment.
3. Notwithstanding the audit and adjustment of invoices or vouchers under paragraph G. below, allowable indirect costs under this Contract shall be obtained by applying indirect cost rates established in accordance with paragraph D. below.
4. Any statements in specifications or other documents incorporated in this Contract by reference designating performance of services or furnishing of materials at the Contractor's expense or at no cost to the Buyer or the Buyer shall be disregarded for purposes of cost-reimbursement under this Clause.

C. Small business concerns.

A small business concern may be paid more often than every 2 weeks and may invoice and be paid for recorded costs for items or services purchased directly for the Contract, even though the concern has not yet paid for those items or services.

D. Final indirect cost rates.

1. Final annual indirect cost rates and the appropriate bases shall be established in accordance with Subpart 42.7 of the Federal Acquisition Regulation (FAR) in effect for the period covered by the indirect cost rate proposal.
2. The Contractor shall, within 90 days after the expiration of each of its fiscal years, or by a later date approved by the Buyer, submit to the cognizant Buyer responsible for negotiating its final indirect cost rates and, if required by agency procedures, to the cognizant audit activity proposed final indirect cost rates for that period and supporting cost data specifying the contract and/or subcontract to which the rates apply. The proposed rates shall be based on the Contractor's actual cost experience for that period. The appropriate Buyer or Buyer representative and Contractor shall establish the final indirect cost rates as promptly as practical after receipt of the Contractor's proposal.
3. The Contractor and the appropriate Buyer or Buyer representative shall execute a written understanding setting forth the final indirect cost rates. The understanding shall specify (1) the agreed-upon final annual indirect cost rates, (2) the bases to which the rates apply, (3) the periods for which the rates apply, (4) any specific indirect cost items treated as direct costs in the settlement, and (5) the affected contract and/or subcontract, identifying any with advance agreements or special terms and the applicable rates. The understanding shall not change any monetary ceiling, contract obligation, or specific cost allowance or disallowance provided for in this Contract. The understanding is incorporated into this Contract upon execution.
4. Failure by the parties to agree on a final annual indirect cost rate shall be a dispute within the meaning of the Disputes Clause.

E. Billing rates.

Until final annual indirect cost rates are established for any period, Buyer shall reimburse the Contractor at billing rates established by the Buyer or the Contracting Officer or by an authorized representative (the cognizant auditor), subject to adjustment when the final rates are established. These billing rates:

1. Shall be the anticipated final rates; and
2. May be prospectively or retroactively revised by mutual agreement, at either party's request, to prevent substantial overpayment or underpayment.

F. Quick-closeout procedures.

Quick-closeout procedures are applicable when the conditions in FAR 42.708(a) are satisfied.

G. Audit.

At any time or times before final payment, the Buyer may have the Contract's invoices or vouchers and statements of cost audited. Any payment may be (1) reduced by amounts found by the Buyer not to constitute allowable costs or (2) adjusted for prior overpayments or underpayments.

H. Final payment.

1. The Contractor shall submit a completion invoice or voucher, designated as such, promptly upon completion of the work, but no later than one year (or longer, as the Buyer may approve in writing) from the completion date. Upon approval of that invoice or voucher, and upon the Contractor's compliance with all terms of this Contract, the Buyer shall promptly pay any balance of allowable costs and that part of the fee (if any) not previously paid.
2. The Contractor shall pay to the Buyer any refunds, rebates, credits, or other amounts (including interest, if any) accruing to or received by the Contractor or any assignee under this Contract, to the extent that those amounts are properly allocable to costs for which the Buyer has reimbursed the Contractor. Reasonable expenses incurred by the Contractor for securing refunds, rebates, credits, or other amounts shall be allowable costs if approved by the Buyer. Before final payment under this Contract, the Contractor and each assignee whose assignment is in effect at the time of final payment shall execute and deliver--
 - a. An assignment to the Buyer, in form and substance satisfactory to the Buyer, of refunds, rebates, credits, or other amounts (including interest, if any) properly allocable to costs for which the Contractor has been reimbursed by the Buyer under this Contract; and
 - b. A release discharging Buyer and the Buyer, their officers, agents, and employees from all liabilities, obligations, and claims arising out of or under this Contract, except:
 - i. Specified claims stated in exact amounts, or in estimated amounts when the exact amounts are not known;
 - ii. Claims (including reasonable incidental expenses) based upon liabilities of the Contractor to third parties arising out of the performance of this Contract; provided, that the claims are not known to the Contractor on the date of the execution of the release, and that the Contractor gives notice of the claims in writing to the Buyer within 6 years following the release date or notice of final payment date, whichever is earlier; and
 - iii. Claims for reimbursement of costs, including reasonable incidental expenses, incurred by the Contractor under the patent clauses of this Contract, excluding, however, any expenses arising from the Contractor's indemnification of the Buyer against patent liability.

7.0 DEPARTMENT OF ENERGY AND FEDERAL ACQUISITION CLAUSES

FAR 52.203-10 PRICE OR FEE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY (JAN 1997)

- (a) The Buyer, at its election, may reduce the price of a fixed-price type contract and the total cost and fee under a cost-type contract by the amount of profit or fee determined as set forth in paragraph (b) of this clause if the head of the contracting activity or designee determines that there was a violation of subsection 27(a), (b), or (c) of the Office of Federal Procurement Policy Act, as amended (41 U.S.C. 423), as implemented in section 3.104 of the Federal Acquisition Regulation.
- (b) The price or fee reduction referred to in paragraph (a) of this clause shall be --
 - (1) For cost-plus-fixed-fee contracts, the amount of the fee specified in the contract at the time of award;
 - (2) For cost-plus-incentive-fee contracts, the target fee specified in the contract at the time of award, notwithstanding any minimum fee or "fee floor" specified in the contract;
 - (3) For cost-plus-award-fee contracts --

- (i) The base fee established in the contract at the time of contract award;
 - (ii) If no base fee is specified in the contract, 30 percent of the amount of each award fee otherwise payable to the Contractor for each award fee evaluation period or at each award fee determination point.
- (4) For fixed-price-incentive contracts, the Buyer may --
- (i) Reduce the contract target price and contract target profit both by an amount equal to the initial target profit specified in the contract at the time of contract award; or
 - (ii) If an immediate adjustment to the contract target price and contract target profit would have a significant adverse impact on the incentive price revision relationship under the contract, or adversely affect the contract financing provisions, the Contracting Officer may defer such adjustment until establishment of the total final price of the contract. The total final price established in accordance with the incentive price revision provisions of the contract shall be reduced by an amount equal to the initial target profit specified in the contract at the time of contract award and such reduced price shall be the total final contract price.
- (5) For firm-fixed-price contracts, by 10 percent of the initial contract price or a profit amount determined by the Contracting Officer from records or documents in existence prior to the date of the contract award.
- (c) The Buyer may, at its election, reduce a prime contractor's price or fee in accordance with the procedures of paragraph (b) of this clause for violations of the Act by its subcontractors by an amount not to exceed the amount of profit or fee reflected in the subcontract at the time the subcontract was first definitively priced.
- (d) In addition to the remedies in paragraphs (a) and (c) of this clause, the Buyer may terminate this contract for default. The rights and remedies of the Buyer specified herein are not exclusive, and are in addition to any other rights and remedies provided by law or under this contract.

DEAR 970.5204-3 ACCESS TO AND OWNERSHIP OF RECORDS (JUL 2005)

- (a) Except as provided in paragraph (b) of this clause, all records acquired or generated by the contractor in its performance of this contract shall be the property of the Buyer and shall be delivered to the Buyer or otherwise disposed of by the contractor either as the contracting officer may from time to time direct during the progress of the work or, in any event, as the contracting officer shall direct upon completion or termination of the contract.
- (b) Contractor-owned records. The following records are considered the property of the contractor and are not within the scope of paragraph (a) of this clause. [The contracting officer shall identify which of the following categories of records will be included in the clause.]
- (1) Employment-related records (such as worker's compensation files; employee relations records, records on salary and employee benefits; drug testing records, labor negotiation records; records on ethics, employee concerns; records generated during the course of responding to allegations of research misconduct; records generated during other employee related investigations conducted under an expectation of confidentiality; employee assistance program records; and personnel and medical/health-related records and similar files), and non-employee patient medical/health-related records, except for those records described by the contract as being maintained in Privacy Act systems of records.
 - (2) Confidential contractor financial information, and correspondence between the contractor and other segments of the contractor located away from the DOE facility (i.e., the contractor's corporate headquarters);
 - (3) Records relating to any procurement action by the contractor, except for records that under 48 CFR 970.5232-3, Accounts, Records, and Inspection, are described as the property of the Buyer; and
 - (4) Legal records, including legal opinions, litigation files, and documents covered by the attorney-client and attorney work product privileges; and

- (5) The following categories of records maintained pursuant to the technology transfer clause of this contract:
- (i) Executed license agreements, including exhibits or appendices containing information on royalties, royalty rates, other financial information, or commercialization plans, and all related documents, notes and correspondence.
 - (ii) The contractor's protected Cooperative Research and Development Agreement (CRADA) information and appendices to a CRADA that contain licensing terms and conditions, or royalty or royalty rate information.
 - (iii) Patent, copyright, mask work, and trademark application files and related contractor invention disclosures, documents and correspondence, where the contractor has elected rights or has permission to assert rights and has not relinquished such rights or turned such rights over to the Buyer.
 - (c) Contract completion or termination. In the event of completion or termination of this contract, copies of any of the contractor-owned records identified in paragraph (b) of this clause, upon the request of the Buyer, shall be delivered to DOE or its designees, including successor contractors. Upon delivery, title to such records shall vest in DOE or its designees, and such records shall be protected in accordance with applicable federal laws (including the Privacy Act), as appropriate.
 - (d) Inspection, copying, and audit of records. All records acquired or generated by the contractor under this contract in the possession of the contractor, including those described at paragraph (b) of this clause, shall be subject to inspection, copying, and audit by the Buyer or its designees at all reasonable times, and the contractor shall afford the Buyer or its designees reasonable facilities for such inspection, copying, and audit; provided, however, that upon request by the contracting officer, the contractor shall deliver such records to a location specified by the contracting officer for inspection, copying, and audit. The Buyer or its designees shall use such records in accordance with applicable federal laws (including the Privacy Act), as appropriate.
 - (e) Applicability. Paragraphs (b), (c), and (d) of this clause apply to all records without regard to the date or origination of such records.
 - (f) Records retention standards. Special records retention standards, described at DOE Order 200.1, Information Management Program (version in effect on effective date of contract), are applicable for the classes of records described therein, whether or not the records are owned by the Buyer or the contractor. In addition, the contractor shall retain individual radiation exposure records generated in the performance of work under this contract until DOE authorizes disposal. The Buyer may waive application of these record retention schedules, if, upon termination or completion of the contract, the Buyer exercises its right under paragraph (c) of this clause to obtain copies and delivery of records described in paragraphs (a) and (b) of this clause.
 - (g) Subcontracts. The contractor shall include the requirements of this clause in all subcontracts that are of a cost-reimbursement type if any of the following factors is present:
 - (1) The value of the subcontract is greater than \$2 million (unless specifically waived by the contracting officer);
 - (2) The contracting officer determines that the subcontract is, or involves, a critical task related to the contract; or
 - (3) The subcontract includes 48 CFR 970.5223-1, Integration of Environment, Safety, and Health into Work Planning and Execution, or similar clause

FAR 52.204-4, PRINTED OR COPIED ON RECYCLED PAPER (AUG 2000)**A. Definitions- As used in this Clause--**

“Postconsumer material” means a material or finished product that has served its intended use and has been discarded for disposal or recovery, having completed its life as a consumer item. Postconsumer material is a

part of the broader category of “recovered material.” For paper and paper products, postconsumer material means “postconsumer fiber” defined by the U.S. Environmental Protection Agency (EPA) as--

1. Paper, paperboard, and fibrous materials from retail stores, office buildings, homes, and so forth, after they have passed through their end-usage as a consumer item, including: used corrugated boxes; old newspapers; old magazines; mixed waste paper; tabulating cards; and used cordage; or
2. All paper, paperboard, and fibrous materials that enter and are collected from municipal solid waste; but not
3. Fiber derived from printers' over-runs, converters' scrap, and over-issue publications.

“Printed or copied double-sided” means printing or reproducing a document so that information is on both sides of a sheet of paper. “Recovered material,” for paper and paper products, is defined by EPA in its Comprehensive Procurement Guideline as “recovered fiber” and means the following materials:

- a) Postconsumer fiber; and
 - b) Manufacturing wastes such as--
 - (i) Dry paper and paperboard waste generated after completion of the papermaking process (that is, those manufacturing operations up to and including the cutting and trimming of the paper machine reel into smaller rolls or rough sheets) including: envelope cuttings, bindery trimmings, and other paper and paperboard waste resulting from printing, cutting, forming, and other converting operations; bag, box, and carton manufacturing wastes; and butt rolls, mill wrappers, and rejected unused stock; and
 - (ii) Repulped finished paper and paperboard from obsolete inventories of paper and paperboard manufacturers, merchants, wholesalers, dealers, printers, converters, or others.
- B. In accordance with Section 101 of Executive Order 13101 of September 14, 1998, Greening the Buyer through Waste Prevention, Recycling, and Federal Acquisition, the Contractor is encouraged to submit paper documents, such as offers, letters, or reports, that are printed or copied double-sided on recycled paper that meet minimum content standards specified in Section 505 of Executive Order 13101, when not using electronic commerce methods to submit information or data to the Buyer.
- C. If the Contractor cannot purchase high-speed copier paper, offset paper, forms bond, computer printout paper, carbonless paper, file folders, white wove envelopes, writing and office paper, book paper, cotton fiber paper, and cover stock meeting the 30 percent postconsumer material standard for use in submitting paper documents to the Buyer, it should use paper containing no less than 20 percent postconsumer material. This lesser standard should be used only when paper meeting the 30 percent postconsumer material standard is not obtainable at a reasonable price or does not meet reasonable performance standards.

DEAR 952.215-70 KEY PERSONNEL (DECEMBER 2000)

- A. The personnel listed below or elsewhere in this Contract are considered essential to the work being performed under this Contract. Before removing, replacing, or diverting any of the listed or specified personnel, the Contractor must: (1) Notify Buyer reasonably in advance; (2) submit justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on this Contract; and (3) obtain Buyer's written approval. Notwithstanding the foregoing, if the Contractor deems immediate removal or suspension of any member of its management team is necessary to fulfill its obligation to maintain satisfactory standards of employee competency, conduct, and integrity the Contractor may remove or suspend such person at once, although the Contractor must notify Buyer prior to or concurrently with such action.

- B. The list of personnel may, with the consent of the contracting parties, be amended from time to time during the course of the Contract to add or delete personnel.

FAR 52.215-2 AUDIT AND RECORDS—NEGOTIATION (JUNE 1999)

(a) As used in this clause, “records” includes books, documents, accounting procedures and practices, and other data, regardless of type and regardless of whether such items are in written form, in the form of computer data, or in any other form.

(b) *Examination of costs.* If this is a cost-reimbursement, incentive, time-and-materials, labor-hour, or price redeterminable contract, or any combination of these, the Contractor shall maintain and the Contracting Officer, or an authorized representative of the Contracting Officer, shall have the right to examine and audit all records and other evidence sufficient to reflect properly all costs claimed to have been incurred or anticipated to be incurred directly or indirectly in performance of this contract. This right of examination shall include inspection at all reasonable times of the Contractor’s plants, or parts of them, engaged in performing the contract.

(c) *Cost or pricing data.* If the Contractor has been required to submit cost or pricing data in connection with any pricing action relating to this contract, the Contracting Officer, or an authorized representative of the Contracting Officer, in order to evaluate the accuracy, completeness, and currency of the cost or pricing data, shall have the right to examine and audit all of the Contractor’s records, including computations and projections, related to—

- (1) The proposal for the contract, subcontract, or modification;
- (2) The discussions conducted on the proposal(s), including those related to negotiating;
- (3) Pricing of the contract, subcontract, or modification; or
- (4) Performance of the contract, subcontract or modification.

(d) Comptroller General—

(1) The Comptroller General of the United States, or an authorized representative, shall have access to and the right to examine any of the Contractor’s directly pertinent records involving transactions related to this contract or a subcontract hereunder.

(2) This paragraph may not be construed to require the Contractor or subcontractor to create or maintain any record that the Contractor or subcontractor does not maintain in the ordinary course of business or pursuant to a provision of law.

(e) *Reports.* If the Contractor is required to furnish cost, funding, or performance reports, the Contracting Officer or an authorized representative of the Contracting Officer shall have the right to examine and audit the supporting records and materials, for the purpose of evaluating—

- (1) The effectiveness of the Contractor’s policies and procedures to produce data compatible with the objectives of these reports; and
- (2) The data reported.

(f) *Availability.* The Contractor shall make available at its office at all reasonable times the records, materials, and other evidence described in paragraphs (a), (b), (c), (d), and (e) of this clause, for examination, audit, or reproduction, until 3 years after final payment under this contract or for any shorter period specified in [Subpart 4.7](#), Contractor Records Retention, of the Federal Acquisition Regulation (FAR), or for any longer period required by statute or by other clauses of this contract. In addition—

- (1) If this contract is completely or partially terminated, the Contractor shall make available the records relating to the work terminated until 3 years after any resulting final termination settlement; and
- (2) The Contractor shall make available records relating to appeals under the Disputes clause or to litigation or the settlement of claims arising under or relating to this contract until such appeals, litigation, or claims are finally resolved.

(g) The Contractor shall insert a clause containing all the terms of this clause, including this paragraph (g), in all subcontracts under this contract that exceed the simplified acquisition threshold, and—

(1) That are cost-reimbursement, incentive, time-and-materials, labor-hour, or price-redeterminable type or any combination of these;

(2) For which cost or pricing data are required; or

(3) That require the subcontractor to furnish reports as discussed in paragraph (e) of this clause.

The clause may be altered only as necessary to identify properly the contracting parties and the Contracting Officer under the Government prime

FAR 52.215-11 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA—MODIFICATIONS (OCT 1997)

(a) This clause shall become operative only for any modification to this contract involving a pricing adjustment expected to exceed the threshold for submission of cost or pricing data at FAR [15.403-4](#), except that this clause does not apply to any modification if an exception under FAR [15.403-1](#) applies.

(b) If any price, including profit or fee, negotiated in connection with any modification under this clause, or any cost reimbursable under this contract, was increased by any significant amount because (1) the Contractor or a subcontractor furnished cost or pricing data that were not complete, accurate, and current as certified in its Certificate of Current Cost or Pricing Data, (2) a subcontractor or prospective subcontractor furnished the Contractor cost or pricing data that were not complete, accurate, and current as certified in the Contractor's Certificate of Current Cost or Pricing Data, or (3) any of these parties furnished data of any description that were not accurate, the price or cost shall be reduced accordingly and the contract shall be modified to reflect the reduction. This right to a price reduction is limited to that resulting from defects in data relating to modifications for which this clause becomes operative under paragraph (a) of this clause.

(c) Any reduction in the contract price under paragraph (b) of this clause due to defective data from a prospective subcontractor that was not subsequently awarded the subcontract shall be limited to the amount, plus applicable overhead and profit markup, by which—

(1) The actual subcontract; or

(2) The actual cost to the Contractor, if there was no subcontract, was less than the prospective subcontract cost estimate submitted by the Contractor; provided, that the actual subcontract price was not itself affected by defective cost or pricing data.

(d)(1) If the Contracting Officer determines under paragraph (b) of this clause that a price or cost reduction should be made, the Contractor agrees not to raise the following matters as a defense:

(i) The Contractor or subcontractor was a sole source supplier or otherwise was in a superior bargaining position and thus the price of the contract would not have been modified even if accurate, complete, and current cost or pricing data had been submitted.

(ii) The Contracting Officer should have known that the cost or pricing data in issue were defective even though the Contractor or subcontractor took no affirmative action to bring the character of the data to the attention of the Contracting Officer.

(iii) The contract was based on an agreement about the total cost of the contract and there was no agreement about the cost of each item procured under the contract.

(iv) The Contractor or subcontractor did not submit a Certificate of Current Cost or Pricing Data.

(2)(i) Except as prohibited by paragraph (d)(2)(ii) of this clause, an offset in an amount determined appropriate by the Contracting Officer based upon the facts shall be allowed against the amount of a contract price reduction if—

(A) The Contractor certifies to the Contracting Officer that, to the best of the Contractor's knowledge and belief, the Contractor is entitled to the offset in the amount requested; and

(B) The Contractor proves that the cost or pricing data were available before the “as of” date specified on its Certificate of Current Cost or Pricing Data, and that the data were not submitted before such date.

(ii) An offset shall not be allowed if—

(A) The understated data were known by the Contractor to be understated before the “as of” date specified on its Certificate of Current Cost or Pricing Data; or

(B) The Government proves that the facts demonstrate that the contract price would not have increased in the amount to be offset even if the available data had been submitted before the “as of” date specified on its Certificate of Current Cost or Pricing Data.

(e) If any reduction in the contract price under this clause reduces the price of items for which payment was made prior to the date of the modification reflecting the price reduction, the Contractor shall be liable to and shall pay the United States at the time such overpayment is repaid—

(1) Simple interest on the amount of such overpayment to be computed from the date(s) of overpayment to the Contractor to the date the Government is repaid by the Contractor at the applicable underpayment rate effective for each quarter prescribed by the Secretary of the Treasury under [26 U.S.C. 6621\(a\)\(2\)](#); and

(2) A penalty equal to the amount of the overpayment, if the Contractor or subcontractor knowingly submitted cost or pricing data that were incomplete, inaccurate, or noncurrent

FAR 52.215-13 SUBCONTRACTOR COST OR PRICING DATA— MODIFICATIONS (OCT 1997)

(a) The requirements of paragraphs (b) and (c) of this clause shall—

(1) Become operative only for any modification to this contract involving a pricing adjustment expected to exceed the threshold for submission of cost or pricing data at FAR [15.403-4](#); and

(2) Be limited to such modifications.

(b) Before awarding any subcontract expected to exceed the threshold for submission of cost or pricing data at FAR [15.403-4](#), on the date of agreement on price or the date of award, whichever is later; or before pricing any subcontract modification involving a pricing adjustment expected to exceed the threshold for submission of cost or pricing data at FAR [15.403-4](#), the Contractor shall require the subcontractor to submit cost or pricing data (actually or by specific identification in writing), unless an exception under FAR [15.403-1](#) applies.

(c) The Contractor shall require the subcontractor to certify in substantially the form prescribed in FAR [15.406-2](#) that, to the best of its knowledge and belief, the data submitted under paragraph (b) of this clause were accurate, complete, and current as of the date of agreement on the negotiated price of the subcontract or subcontract modification.

(d) The Contractor shall insert the substance of this clause, including this paragraph (d), in each subcontract that exceeds the threshold for submission of cost or pricing data at FAR [15.403-4](#) on the date of agreement on price or the date of award, whichever is later.

52.215-15 PENSION ADJUSTMENTS AND ASSET REVERSIONS (Oct 2004).

(a) The Contractor shall promptly notify the Contracting Officer in writing when it determines that it will terminate a defined-benefit pension plan or otherwise recapture such pension fund assets.

(b) For segment closings, pension plan terminations, or curtailment of benefits, the amount of the adjustment shall be—

(1) For contracts and subcontracts that are subject to full coverage under the Cost Accounting Standards (CAS) Board rules and regulations (48 CFR Chapter 99), the amount measured, assigned, and allocated in accordance with 48 CFR 9904.413-50(c)(12); and

(2) For contracts and subcontracts that are not subject to full coverage under the CAS, the amount measured, assigned, and allocated in accordance with 48 CFR 9904.413-50(c)(12), except the numerator of the fraction at 48 CFR 9904.413-50(c)(12)(vi) shall be the sum of the pension plan costs allocated to all non-CAS covered contracts and subcontracts that are subject to Federal Acquisition Regulation (FAR) [Subpart 31.2](#) or for which cost or pricing data were submitted.

(c) For all other situations where assets revert to the Contractor, or such assets are constructively received by it for any reason, the Contractor shall, at the Government's option, make a refund or give a credit to the Government for its equitable share of the gross amount withdrawn. The Government's equitable share shall reflect the Government's participation in pension costs through those contracts for which cost or pricing data were submitted or that are subject to FAR [Subpart 31.2](#).

(d) The Contractor shall include the substance of this clause in all subcontracts under this contract that meet the applicability requirement

52.215-18 REVERSION OR ADJUSTMENT OF PLANS FOR POST RETIREMENT BENEFITS (PRB) OTHER THAN PENSIONS (July 2005).

(a) The Contractor shall promptly notify the Contracting Officer in writing when the Contractor determines that it will terminate or reduce the benefits of a PRB plan.

(b) If PRB fund assets revert or inure to the Contractor, or are constructively received by it under a plan termination or otherwise, the Contractor shall make a refund or give a credit to the Government for its equitable share as required by [31.205-6\(o\)\(5\)](#) of the Federal Acquisition Regulation (FAR). When determining or agreeing on the method for recovery of the Government's equitable share, the contracting parties should consider the following methods: cost reduction, amortizing the credit over a number of years (with appropriate interest), cash refund, or some other agreed upon method. Should the parties be unable to agree on the method for recovery of the Government's equitable share, through good faith negotiations, the Contracting Officer shall designate the method of recovery.

(c) The Contractor shall insert the substance of this clause in all subcontracts that meet the applicability requirements of FAR [15](#).

FAR 52.215-19 NOTIFICATION OF OWNERSHIP CHANGES

(a) The Contractor shall make the following notifications in writing:

(1) When the Contractor becomes aware that a change in its ownership has occurred, or is certain to occur, that could result in changes in the valuation of its capitalized assets in the accounting records, the Contractor shall notify the Administrative Contracting Officer (ACO) within 30 days.

(2) The Contractor shall also notify the ACO within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership.

(b) The Contractor shall—

(1) Maintain current, accurate, and complete inventory records of assets and their costs;

(2) Provide the ACO or designated representative ready access to the records upon request;

(3) Ensure that all individual and grouped assets, their capitalized values, accumulated depreciation or amortization, and remaining useful lives are identified accurately before and after each of the Contractor's ownership changes; and

(4) Retain and continue to maintain depreciation and amortization schedules based on the asset records maintained before each Contractor ownership change.

(c) The Contractor shall include the substance of this clause in all subcontracts under this contract that meet the applicability requirement of FAR [15](#)

**FAR 52.215-21 REQUIREMENTS FOR COST OR PRICING
DATA OR INFORMATION OTHER THAN COST OR
PRICING DATA—MODIFICATIONS (OCT 1997)**

(a) Exceptions from cost or pricing data.

(1) In lieu of submitting cost or pricing data for modifications under this contract, for price adjustments expected to exceed the threshold set forth at FAR [15.403-4](#) on the date of the agreement on price or the date of the award, whichever is later, the Contractor may submit a written request for exception by submitting the information described in the following paragraphs. The Contracting Officer may require additional supporting information, but only to the extent necessary to determine whether an exception should be granted, and whether the price is fair and reasonable—

(i) *Identification of the law or regulation establishing the price offered.* If the price is controlled under law by periodic rulings, reviews, or similar actions of a governmental body, attach a copy of the controlling document, unless it was previously submitted to the contracting office.

(ii) Information on modifications of contracts or subcontracts for commercial items.

(A) If—

(1) The original contract or subcontract was granted an exception from cost or pricing data requirements because the price agreed upon was based on adequate price competition or prices set by law or regulation, or was a contract or subcontract for the acquisition of a commercial item; and

(2) The modification (to the contract or subcontract) is not exempted based on one of these exceptions, then the Contractor may provide information to establish that the modification would not change the contract or subcontract from a contract or subcontract for the acquisition of a commercial item to a contract or subcontract for the acquisition of an item other than a commercial item.

(B) For a commercial item exception, the Contractor shall provide, at a minimum, information on prices at which the same item or similar items have previously been sold that is adequate for evaluating the reasonableness of the price of the modification. Such information may include—

(1) For catalog items, a copy of or identification of the catalog and its date, or the appropriate pages for the offered items, or a statement that the catalog is on file in the buying office to which the proposal is being submitted. Provide a copy or describe current discount policies and price lists (published or unpublished), *e.g.*, wholesale, original equipment manufacturer, or reseller. Also explain the basis of each offered price and its relationship to the established catalog price, including how the proposed price relates to the price of recent sales in quantities similar to the proposed quantities.

(2) For market-priced items, the source and date or period of the market quotation or other basis for market price, the base amount, and applicable discounts. In addition, describe the nature of the market.

(3) For items included on an active Federal Supply Service Multiple Award Schedule contract, proof that an exception has been granted for the schedule item.

(2) The Contractor grants the Contracting Officer or an authorized representative the right to examine, at any time before award, books, records, documents, or other directly pertinent records to verify any request for an exception under this clause, and the reasonableness of price. For items priced using catalog or market prices, or law or regulation, access does not extend to cost or profit information or other data relevant solely to the Contractor's determination of the prices to be offered in the catalog or marketplace.

(b) *Requirements for cost or pricing data.* If the Contractor is not granted an exception from the requirement to submit cost or pricing data, the following applies:

(1) The Contractor shall submit cost or pricing data and supporting attachments in accordance with [Table 15-2](#) of FAR [15.408](#).

(2) As soon as practicable after agreement on price, but before award (except for unpriced actions), the Contractor shall submit a Certificate of Current Cost or Pricing Data, as prescribed by FAR [15.406-2](#).

FAR 52.216-8, FIXED FEE (MARCH 1997)

- A. Buyer shall pay the Contractor for performing this Contract the fixed fee specified in the Schedule.
- B. Payment of the fixed fee shall be made as specified in the Schedule; provided, that after payment of 85 percent of the fixed fee, Buyer may withhold further payment of fee until a reserve is set aside in an amount that Buyer considers necessary to protect the Buyer's interest. This reserve shall not exceed 15 percent of the total fixed fee, or \$100,000, whichever is less. The Buyer shall release 75 percent of all fee withholds under this Contract after receipt of the certified final indirect cost rate proposal covering the year of physical completion of this Contract, provided the Contractor has satisfied all other Contract terms and conditions, including the submission of the final patent and royalty reports, and is not delinquent in submitting final on prior years' settlements. The Buyer may release up to 90 percent of the fee withholds under this Contract based on the Contractor's past performance related to the submission and settlement of final indirect cost rate proposals.

FAR 52.216-10, INCENTIVE FEE (MARCH 1997)

- A. General. Buyer shall pay the Contractor for performing this Contract a fee determined as provided in this Contract.
- B. Target cost and target fee. The target cost and target fee specified in the Schedule are subject to adjustment if the Contract is modified in accordance with paragraph D. below.
 - 1. **Target cost**, as used in this Contract, means the estimated cost of this Contract as initially negotiated, adjusted in accordance with paragraph D. below.
 - 2. **Target fee**, as used in this Contract, means the fee initially negotiated on the assumption that this Contract would be performed for a cost equal to the estimated cost initially negotiated, adjusted in accordance with paragraph D. of this Clause.
- C. Withholding of payment. Normally, Buyer shall pay the fee to the Contractor as specified in the Schedule. However, when Buyer considers that performance or cost indicates that the Contractor will not achieve target, Buyer shall pay on the basis of an appropriate lesser fee. When the Contractor demonstrates that performance or cost clearly indicates that the Contractor will earn a fee significantly above the target fee, Buyer may, at the sole discretion of Buyer, pay on the basis of an appropriate higher fee. After payment of 85 percent of the applicable fee, Buyer may withhold further payment of fee until a reserve is set aside in an amount that Buyer considers necessary to protect the Buyer's interest. This reserve shall not exceed 15 percent of the applicable fee, or \$100,000, whichever is less. The Buyer shall release 75 percent of all fee withholds under this Contract after receipt of the certified final indirect cost rate proposal covering the year of physical completion of this Contract, provided the Contractor has satisfied all other Contract terms and conditions, including the submission of the final patent and royalty reports, and is not delinquent in submitting final on prior years' settlements. The Buyer may release up to 90 percent of the fee withholds under this Contract based on the Contractor's past performance related to the submission and settlement of final indirect cost rate proposals.
- D. Equitable adjustments. When the work under this Contract is increased or decreased by a modification to this Contract or when any equitable adjustment in the target cost is authorized under any other clause, equitable adjustments in the target cost, target fee, minimum fee, and maximum fee, as appropriate, shall be stated in a supplemental agreement to this Contract.
- E. Fee payable.

1. The fee payable under this Contract shall be the target fee increased by _____ [Buyer insert Contractor's participation] cents for every dollar that the total allowable cost is less than the target cost or decreased by _____ [Buyer insert Contractor's participation] cents for every dollar that the total allowable cost exceeds the target cost. In no event shall the fee be greater than _____ [Buyer insert percentage] percent or less than _____ [Buyer insert percentage] percent of the target cost.
 2. The fee shall be subject to adjustment, to the extent provided in paragraph D. above, and within the minimum and maximum fee limitations in subparagraph E. 1. of this Clause, when the total allowable cost is increased or decreased as a consequence of (1) payments made under assignments or (2) claims excepted from the release as required by paragraph H. 2. of the Allowable Cost and Payment Clause.
 3. If this Contract is terminated in its entirety, the portion of the target fee payable shall not be subject to an increase or decrease as provided in this paragraph. The termination shall be accomplished in accordance with other applicable clauses of this Contract.
 4. For the purpose of fee adjustment, "total allowable cost" shall not include allowable costs arising out of:
 - a. Any of the causes covered by the Excusable Delays Clause to the extent that they are beyond the control and without the fault or negligence of the Contractor or any subcontractor;
 - b. The taking effect, after negotiating the target cost, of a statute, court decision, written ruling, or regulation that results in the Contractor's being required to pay or bear the burden of any tax or duty or rate increase in a tax or duty;
 - c. Any direct cost attributed to the Contractor's involvement in litigation as required by Buyer pursuant to a clause of this Contract, including furnishing evidence and information requested pursuant to the Notice and Assistance Regarding Patent and Copyright Infringement clause;
 - d. The purchase and maintenance of additional insurance not in the target cost and required by the Buyer, or claims for reimbursement for liabilities to third persons pursuant to the Insurance Liability to Third Persons Clause;
 - e. Any claim, loss, or damage resulting from a risk for which the Contractor has been relieved of liability by the Buyer Property Clause; or
 - f. Any claim, loss, or damage resulting from a risk defined in the Contract as unusually hazardous or as a nuclear risk and against which the Buyer has expressly agreed to indemnify the Contractor.
 5. All other allowable costs are included in "total allowable cost" for fee adjustment in accordance with this paragraph (E.), unless otherwise specifically provided in this Contract.
- F. Contract modification. The total allowable cost and the adjusted fee determined as provided in this Clause shall be evidenced by a modification to this Contract signed by the Contractor and Buyer.
- G. Inconsistencies. In the event of any language inconsistencies between this Clause and provisioning documents or Buyer options under this Contract, compensation for spare parts or other supplies and services ordered under such documents shall be determined in accordance with this Clause.

FAR 52.216-11, COST CONTRACT--NO FEE AND ALTERNATE I (APR 1984)

- A. Buyer shall not pay the Contractor a fee for performing this Contract.
- B. After payment of 80 percent of the total estimated cost shown in the Schedule, Buyer may withhold further payment of allowable cost until a reserve is set aside in an amount that Buyer considers necessary to protect the

Buyer's interest. This reserve shall not exceed one percent of the total estimated cost shown in the Schedule, or \$100,000, whichever is less.

Alternate I (APR 1984). In a contract for research and development with an educational institution or a nonprofit organization, for which the Buyer has determined that withholding of a portion of allowable costs is not required, delete paragraph B. of the basic clause.

FAR 52.232-20, LIMITATION OF COST (APR 1984)

- A. The parties estimate that performance of this Contract, exclusive of any fee, will not cost Buyer more than (1) the estimated cost specified in the Schedule or, (2) if this is a cost-sharing contract, Buyer's share of the estimated cost specified in the Schedule. The Contractor agrees to use its best efforts to perform the work specified in the Schedule and all obligations under this Contract within the estimated cost, which, if this is a cost-sharing contract, includes both the Buyer's and the Contractor's share of the cost.
- B. The Contractor shall notify Buyer in writing whenever it has reason to believe that:
 - 1. The costs the Contractor expects to incur under this Contract in the next 60 days, when added to all costs previously incurred, will exceed 75 percent of the estimated cost specified in the Schedule; or
 - 2. The total cost for the performance of this Contract, exclusive of any fee, will be either greater or substantially less than had been previously estimated.
- C. As part of the notification, the Contractor shall provide Buyer a revised estimate of the total cost of performing this Contract.
- D. Except as required by other provisions of this Contract, specifically citing and stated to be an exception to this Clause:
 - 1. Buyer is not obligated to reimburse the Contractor for costs incurred in excess of (1) the estimated cost specified in the Schedule or, (2) if this is a cost-sharing contract, the estimated cost to Buyer specified in the Schedule; and
 - 2. The Contractor is not obligated to continue performance under this Contract (including actions under the Termination Clause of this Contract) or otherwise incur costs in excess of the estimated cost specified in the Schedule, until Buyer (1) notifies the Contractor in writing that the estimated cost has been increased and (2) provides a revised estimated total cost of performing this Contract. If this is a cost-sharing contract, the increase shall be allocated in accordance with the formula specified in the Schedule.
- E. No notice, communication, or representation in any form other than that specified in subparagraph D. 2. above, or from any person other than Buyer, shall affect this Contract's estimated cost to Buyer. In the absence of the specified notice, Buyer is not obligated to reimburse the Contractor for any costs in excess of the estimated cost or, if this is a cost-sharing contract, for any costs in excess of the estimated cost to Buyer specified in the Schedule, whether those excess costs were incurred during the course of the Contract or as a result of termination.
- F. If the estimated cost specified in the Schedule is increased, any costs the Contractor incurs before the increase that are in excess of the previously estimated cost shall be allowable to the same extent as if incurred afterward, unless Buyer issues a termination or other notice directing that the increase is solely to cover termination or other specified expenses.
- G. Change orders shall not be considered an authorization to exceed the estimated cost to Buyer specified in the Schedule, unless they contain a statement increasing the estimated cost.

- H. If this Contract is terminated or the estimated cost is not increased, Buyer and the Contractor shall negotiate an equitable distribution of all property produced or purchased under the Contract, based upon the share of costs incurred by each.

FAR 52.232-22, LIMITATION OF FUNDS (APR 1984)

- A. The parties estimate that performance of this Contract will not cost Buyer more than (1) the estimated cost specified in the Schedule or, (2) if this is a cost-sharing contract, Buyer's share of the estimated cost specified in the Schedule. The Contractor agrees to use its best efforts to perform the work specified in the Schedule and all obligations under this Contract within the estimated cost, which, if this is a cost-sharing contract, includes both the Buyer's and the Contractor's share of the cost.
- B. The Schedule specifies the amount presently available for payment by Buyer and allotted to this Contract, the items covered, Buyer's share of the cost if this is a cost-sharing contract, and the period of performance it is estimated the allotted amount will cover. The parties contemplate that Buyer will allot additional funds incrementally to the Contract up to the full estimated cost to Buyer specified in the Schedule, exclusive of any fee. The Contractor agrees to perform, or have performed, work on the Contract up to the point at which the total amount paid and payable by Buyer under the Contract approximates but does not exceed the total amount actually allotted by Buyer to the Contract.
- C. The Contractor shall notify Buyer in writing whenever it has reason to believe that the costs it expects to incur under this Contract in the next 60 days, when added to all costs previously incurred, will exceed 75 percent of (1) the total amount so far allotted to the Contract by Buyer or, (2) if this is a cost-sharing contract, the amount then allotted to the Contract by Buyer plus the Contractor's corresponding share. The notice shall state the estimated amount of additional funds required to continue performance for the period specified in the Schedule.
- D. Sixty days before the end of the period specified in the Schedule, the Contractor shall notify Buyer in writing of the estimated amount of additional funds, if any, required to continue timely performance under the Contract or for any further period specified in the Schedule or otherwise agreed upon, and when the funds will be required.
- E. If, after notification, additional funds are not allotted by the end of the period specified in the Schedule or another agreed-upon date, upon the Contractor's written request Buyer will terminate this Contract on that date in accordance with the provisions of the Termination Clause of this Contract. If the Contractor estimates that the funds available will allow it to continue to discharge its obligations beyond that date, it may specify a later date in its request, and Buyer may terminate this Contract on that later date.
- F. Except as required by other provisions of this Contract, specifically citing and stated to be an exception to this Clause:
1. Buyer is not obligated to reimburse the Contractor for costs incurred in excess of the total amount allotted by Buyer to this Contract; and
 2. The Contractor is not obligated to continue performance under this Contract (including actions under the Termination Clause of this Contract) or otherwise incur costs in excess of (1) the amount then allotted to the Contract by Buyer or, (2) if this is a cost-sharing contract, the amount then allotted by Buyer to the Contract plus the Contractor's corresponding share, until Buyer notifies the Contractor in writing that the amount allotted by Buyer has been increased and specifies an increased amount, which shall then constitute the total amount allotted by Buyer to this Contract.
- G. The estimated cost shall be increased to the extent that (1) the amount allotted by Buyer or, (2) if this is a cost-sharing contract, the amount then allotted by Buyer to the Contract plus the Contractor's corresponding share, exceeds the estimated cost specified in the Schedule. If this is a cost-sharing contract, the increase shall be allocated in accordance with the formula specified in the Schedule.

- H. No notice, communication, or representation in any form other than that specified in subparagraph F. 2. above, or from any person other than Buyer, shall affect the amount allotted by Buyer to this Contract. In the absence of the specified notice, Buyer is not obligated to reimburse the Contractor for any costs in excess of the total amount allotted by Buyer to this Contract, whether incurred during the course of the Contract or as a result of termination.
- I. When and to the extent that the amount allotted by Buyer to the Contract is increased, any costs the Contractor incurs before the increase that are in excess of (1) the amount previously allotted by Buyer or, (2) if this is a cost-sharing contract, the amount previously allotted by Buyer to the Contract plus the Contractor's corresponding share, shall be allowable to the same extent as if incurred afterward, unless Buyer issues a termination or other notice and directs that the increase is solely to cover termination or other specified expenses.
- J. Change orders shall not be considered an authorization to exceed the amount allotted by Buyer specified in the Schedule, unless they contain a statement increasing the amount allotted.
- K. Nothing in this Clause shall affect the right of Buyer to terminate this Contract. If this Contract is terminated, Buyer and the Contractor shall negotiate an equitable distribution of all property produced or purchased under the Contract, based upon the share of costs incurred by each.
- L. If Buyer does not allot sufficient funds to allow completion of the work, the Contractor is entitled to a percentage of the fee specified in the Schedule equaling the percentage of completion of the work contemplated by this Contract.

FAR 52.242-1, NOTICE OF INTENT TO DISALLOW COSTS (APR 1984)

- A. Notwithstanding any other clause of this Contract:
 - 1. Buyer may at any time issue to the Contractor a written notice of intent to disallow specified costs incurred or planned for incurrence under this Contract that have been determined not to be allowable under the Contract terms; and
 - 2. The Contractor may, after receiving a notice under subparagraph (1) above, submit a written response to Buyer, with justification for allowance of the costs. If the Contractor does respond within 60 days, Buyer shall, within 60 days of receiving the response, either make a written withdrawal of the notice or issue a written decision.
- B. Failure to issue a notice under this Notice of Intent to Disallow Costs clause shall not affect Buyer's rights to take exception to incurred costs.

FAR 52.242-3 PENALTIES FOR UNALLOWABLE COSTS (MAY 2001)

- (a) *Definition.* "Proposal," as used in this clause, means either --
 - (1) A final indirect cost rate proposal submitted by the Contractor after the expiration of its fiscal year which --
 - (i) Relates to any payment made on the basis of billing rates; or
 - (ii) Will be used in negotiating the final contract price; or
 - (2) The final statement of costs incurred and estimated to be incurred under the Incentive Price Revision clause (if applicable), which is used to establish the final contract price.

(b) Contractors which include unallowable indirect costs in a proposal may be subject to penalties. The penalties are prescribed in 10 U.S.C. 2324 or 41 U.S.C. 256, as applicable, which is implemented in Section 42.709 of the Federal Acquisition Regulation (FAR).

(c) The Contractor shall not include in any proposal any cost that is unallowable, as defined in Subpart 2.1 of the FAR, or an executive agency supplement to the FAR.

(d) If the Contracting Officer determines that a cost submitted by the Contractor in its proposal is expressly unallowable under a cost principle in the FAR, or an executive agency supplement to the FAR, that defines the allowability of specific selected costs, the Contractor shall be assessed a penalty equal to --

(1) The amount of the disallowed cost allocated to this contract; plus

(2) Simple interest, to be computed --

(i) On the amount the Contractor was paid (whether as a progress or billing payment) in excess of the amount to which the Contractor was entitled; and

(ii) Using the applicable rate effective for each six-month interval prescribed by the Secretary of the Treasury pursuant to Pub. L. 92-41 (85 Stat. 97).

(e) If the Contracting Officer determines that a cost submitted by the Contractor in its proposal includes a cost previously determined to be unallowable for that Contractor, then the Contractor will be assessed a penalty in an amount equal to two times the amount of the disallowed cost allocated to this contract.

(f) Determinations under paragraphs (d) and (e) of this clause are final decisions within the meaning of the Contract Disputes Act of 1978 (41 U.S.C. 601, *et seq.*).

(g) Pursuant to the criteria in FAR 42.709-5, the Contracting Officer may waive the penalties in paragraph (d) or (e) of this clause.

(h) Payment by the Contractor of any penalty assessed under this clause does not constitute repayment to the Buyer of any unallowable cost which has been paid by the Buyer to the Contractor.

FAR 52.242-4 CERTIFICATION OF FINAL INDIRECT COSTS (JAN 1997)

(a) The Contractor shall --

(1) Certify any proposal to establish or modify final indirect cost rates;

(2) Use the format in paragraph (c) of this clause to certify; and

(3) Have the certificate signed by an individual of the Contractor's organization at a level no lower than a vice president or chief financial officer of the business segment of the Contractor that submits the proposal.

(b) Failure by the Contractor to submit a signed certificate, as described in this clause, may result in final indirect costs at rates unilaterally established by the Contracting Officer.

(c) The certificate of final indirect costs shall read as follows:

Certificate of Final Indirect Costs

This is to certify that I have reviewed this proposal to establish final indirect cost rates and to the best of my knowledge and belief:

1. All costs included in this proposal (identify proposal and date) to establish final indirect cost rates for (identify period covered by rate) are allowable in accordance with the cost principles of the Federal Acquisition Regulation (FAR) and its supplements applicable to the contracts to which the final indirect cost rates will apply; and
2. This proposal does not include any costs which are expressly unallowable under applicable cost principles of the FAR or its supplements.

Firm: _____

Signature: _____

Name of Certifying Official: _____

Title: _____

Date of Execution: _____

FAR 52.246-3, INSPECTION OF SUPPLIES – COST-REIMBURSEMENT (MAY 2001)

- (a) *Definitions.* As used in this clause--

“Contractor’s managerial personnel” means any of the Contractor’s directors, officers, managers, superintendents, or equivalent representatives who have supervision or direction of --

- (1) All or substantially all of the Contractor’s business;
- (2) All or substantially all of the Contractor’s operation at a plant or separate location where the contract is being performed; or
- (3) A separate and complete major industrial operation connected with performing this Contract.

“Supplies” includes but is not limited to raw materials, components, intermediate assemblies, end products, lots of supplies, and, when the Contract does not include the Warranty of Data clause, data.

- (b) The Contractor shall provide and maintain an inspection system acceptable to the Buyer covering the supplies, fabricating methods, and special tooling under this Contract. Complete records of all inspection work performed by the Contractor shall be maintained and made available to the Buyer during contract performance and for as long afterwards as the contract requires.
- (c) The Buyer has the right to inspect and test the contract supplies, to the extent practicable at all places and times, including the period of manufacture, and in any event before acceptance. The Buyer may also inspect the plant or plants of the Contractor or any subcontractor engaged in the contract performance. The Buyer shall perform inspections and tests in a manner that will not unduly delay the work.
- (d) If the Buyer performs inspection or test on the premises of the Contractor or a subcontractor, the Contractor shall furnish and shall require subcontractors to furnish all reasonable facilities and assistance for the safe and convenient performance of these duties.
- (e) Unless otherwise specified in the contract, the Buyer shall accept supplies as promptly as practicable after delivery, and supplies shall be deemed accepted 60 days after delivery, unless accepted earlier.

- (f) At any time during Contract performance, but no later than 6 months (or such other time as may be specified in the contract) after acceptance of the supplies to be delivered under the contract, the Buyer may require the Contractor to replace or correct any supplies that are nonconforming at time of delivery. Supplies are nonconforming when they are defective in material or workmanship or are otherwise not in conformity with contract requirements. Except as otherwise provided in paragraph (h) below, the cost of replacement or correction shall be included in allowable cost, determined as provided in the Allowable Cost and Payment clause, but no additional fee shall be paid. The Contractor shall not tender for acceptance supplies required to be replaced or corrected without disclosing the former requirement for replacement or correction, and, when required, shall disclose the corrective action taken.
- (g) (1) If the Contractor fails to proceed with reasonable promptness to perform required replacement or correction, the Buyer may --
- (i) By contract or otherwise, perform the replacement or correction and charge to the Contractor any increased cost or make an equitable reduction in any fixed fee paid or payable under the contract;
 - (ii) Require delivery of undelivered supplies at an equitable reduction in any fixed fee paid or payable under the contract; or
 - (iii) Terminate the contract for default.
- (2) Failure to agree on the amount of increased cost to be charged to the Contractor or to the reduction in the fixed fee shall be a dispute.
- (h) Notwithstanding paragraphs (f) and (g) above, the Buyer may at any time require the Contractor to correct or replace, without cost to the Buyer, nonconforming supplies, if the nonconformances are due to --
- (1) Fraud, lack of good faith, or willful misconduct on the part of the Contractor's managerial personnel; or
 - (2) The conduct of one or more of the Contractor's employees selected or retained by the Contractor after any of the Contractor's managerial personnel has reasonable grounds to believe that the employee is habitually careless or unqualified.
- (i) This Clause applies in the same manner to corrected or replacement supplies as to supplies originally delivered.
- (j) The Contractor shall have no obligation or liability under this contract to replace supplies that were nonconforming at the time of delivery, except as provided in this Clause or as may be otherwise provided in the contract.
- (k) Except as otherwise specified in the contract, the Contractor's obligation to correct or replace Buyer-furnished property shall be governed by the clause pertaining to Buyer property.

FAR 52.243-2, CHANGES—COST-REIMBURSEMENT (AUG 1987) ALTERNATE II (APR 1984)

- A. The Buyer may at any time, by written order, and without notice to the sureties, if any, make changes within the general scope of this Contract in any one or more of the following:
- 1. Description of services to be performed.
 - 2. Time of performance (i.e., hours of the day, days of the week, etc).
 - 3. Place of performance of the services.

4. Drawings, designs, or specifications when the supplies to be furnished are to be specially manufactured for the Buyer in accordance with the drawings, designs, or specifications.
 5. Method of shipment or packing of supplies.
 6. Place of delivery.
- B. If any such change causes an increase or decrease in the estimated cost of, or the time required for, performance of any part of the work under this Contract, whether or not changed by the order, or otherwise affects any other terms and conditions of this Contract, the Buyer shall make an equitable adjustment in the (1) estimated cost, delivery or completion schedule, or both; (2) amount of any fixed fee; and (3) other affected terms and shall modify the Contract accordingly.
- C. The Contractor must assert its right to an adjustment under this Clause within 30 days from the date of receipt of the written order. However, if the Buyer decides that the facts justify it, the Buyer may receive and act upon a proposal submitted before final payment of the Contract.
- D. Failure to agree to any adjustment shall be a dispute under the Disputes Clause. However, nothing in this Clause shall excuse the Contractor from proceeding with the Contract as changed.
- E. Notwithstanding the terms and conditions of paragraphs A. and B. above, the estimated cost of this Contract and, if this Contract is incrementally funded, the funds allotted for the performance of this Contract, shall not be increased or considered to be increased except by specific written modification of the Contract indicating the new Contract estimated cost and, if this Contract is incrementally funded, the new amount allotted to the Contract. Until this modification is made, the Contractor shall not be obligated to continue performance or incur costs beyond the point established in the Limitation of Cost or Limitation of Funds Clause of this Contract.

NOTE: Alternate II (APR 1984). If the requirement is for services and supplies are to be furnished, substitute the following paragraph (A) for paragraph (A) of the basic clause:

- A. The Buyer may at any time, by written order, and without notice to the sureties, if any, make changes within the general scope of this Contract in any one or more of the following:
 1. Description of services to be performed.
 2. Time of performance (i.e., hours of the day, days of the week, etc.).
 3. Place of performance of the services.
 4. Drawings, designs, or specifications when the supplies to be furnished are to be specially manufactured for Buyer or the Buyer in accordance with the drawings, designs, or specifications.
 5. Method of shipment or packing of supplies.
 6. Place of delivery.

FAR 52.244-2 SUBCONTRACTS (AUG 1998) ALT I (JAN 2006)

(a) Definitions. As used in this clause--"Approved purchasing system" means a Contractor's purchasing system that has been reviewed and approved in accordance with Part 44 of the Federal Acquisition Regulation (FAR).

"Consent to subcontract" means the Contracting Officer's written consent for the Contractor to enter into a particular subcontract.

"Subcontract" means any contract, as defined in FAR Subpart 2.1, entered into by a subcontractor to furnish supplies or services for performance of the prime contractor a subcontract. It includes, but is not limited to, purchase orders, and changes and modifications to purchase orders.

(b) This clause does not apply to subcontracts for special test equipment when the contract contains the clause at FAR 52.245-18, Special Test Equipment.

(c) When this clause is included in a fixed-price type contract, consent to subcontract is required only on unpriced contract actions (including unpriced modifications or unpriced delivery orders), and only if required in accordance with paragraph (d) or (e) of this clause.

(d) If the Contractor does not have an approved purchasing system, consent to subcontract is required for any subcontract that—

(1) Is of the cost-reimbursement, time-and-materials, or labor-hour type; or

(2) Is fixed-price and exceeds--

(i) For a contract awarded by the Department of Defense, the Coast Guard, or the National Aeronautics and Space Administration, the greater of the simplified acquisition threshold or 5 percent of the total estimated cost of the contract; or

(ii) For a contract awarded by a civilian agency other than the Coast Guard and the National Aeronautics and Space Administration, either the simplified acquisition threshold or 5 percent of the total estimated cost of the contract.

(e) If the Contractor has an approved purchasing system, the Contractor nevertheless shall obtain the Contracting Officer's written consent before placing the following subcontracts:

(f) (1) The Contractor shall notify the Contracting Officer reasonably in advance of placing any subcontract or modification thereof for which consent is required under paragraph (c), (d), or (e) of this clause, including the following information:

(i) A description of the supplies or services to be subcontracted.

(ii) Identification of the type of subcontract to be used.

(iii) Identification of the proposed subcontractor.

(iv) The proposed subcontract price.

(v) The subcontractor's current, complete, and accurate cost or pricing data and Certificate of Current Cost or Pricing Data, if required by other contract provisions.

(vi) The subcontractor's Disclosure Statement or Certificate relating to Cost Accounting Standards when such data are required by other provisions of this contract.

- (vii) A negotiation memorandum reflecting—
- (A) The principal elements of the subcontract price negotiations;
 - (B) The most significant considerations controlling establishment of initial or revised prices;
 - (C) The reason cost or pricing data were or were not required;
 - (D) The extent, if any, to which the Contractor did not rely on the subcontractor's cost or pricing data in determining the price objective and in negotiating the final price;
 - (E) The extent to which it was recognized in the negotiation that the subcontractor's cost or pricing data were not accurate, complete, or current; the action taken by the Contractor and the subcontractor; and the effect of any such defective data on the total price negotiated;
 - (F) The reasons for any significant difference between the Contractor's price objective and the price negotiated; and
 - (G) A complete explanation of the incentive fee or profit plan when incentives are used. The explanation shall identify each critical performance element, management decisions used to quantify each incentive element, reasons for the incentives, and a summary of all trade-off possibilities considered.
- (2) If the Contractor has an approved purchasing system and consent is not required under paragraph (d) or (e) of this clause, the Contractor nevertheless shall notify the Contracting Officer reasonably in advance of entering into any (i) cost-plus-fixed-fee subcontract, or (ii) fixed-price subcontract that exceeds either the simplified acquisition threshold or 5 percent of the total estimated cost of this contract. The notification shall include the information required by paragraphs (f)(1)(i) through (f)(1)(iv) of this clause.
- (g) Unless the consent or approval specifically provides otherwise, neither consent by the Contracting Officer to any subcontract nor approval of the Contractor's purchasing system shall constitute a determination—
- (1) Of the acceptability of any subcontract terms or conditions;
 - (2) Of the allowability of any cost under this contract; or
 - (3) To relieve the Contractor of any responsibility for performing this contract.
- (h) No subcontract or modification thereof placed under this contract shall provide for payment on a cost-plus-a-percentage-of-cost basis, and any fee payable under cost-reimbursement type subcontracts shall not exceed the fee limitations in FAR 15.404-4(c)(4)(i).
- (i) The Contractor shall give the Contracting Officer immediate written notice of any action or suit filed and prompt notice of any claim made against the Contractor by any subcontractor or vendor that, in the opinion of the Contractor, may result in litigation related in any way to this contract, with respect to which the Contractor may be entitled to reimbursement from the Buyer.
- (j) The Buyer reserves the right to review the Contractor's purchasing system as set forth in FAR Subpart 44.3.
- (k) Paragraphs (d) and (f) of this clause do not apply to the following subcontracts, which were evaluated during negotiations:
- _____

**FAR 52.249-6 TERMINATION (COST-REIMBURSEMENT)
(MAY 2004)**

- (a) The Buyer may terminate performance of work under this contract in whole or, from time to time, in part, if --
- (1) The Contracting Officer determines that a termination is in the Buyer's interest; or
- (2) The Contractor defaults in performing this contract and fails to cure the default within 10 days (unless extended by the Contracting Officer) after receiving a notice specifying the default. "Default" includes failure to make progress in the work so as to endanger performance.
- (b) The Contracting Officer shall terminate by delivering to the Contractor a Notice of Termination specifying whether termination is for default of the Contractor or for convenience of the Buyer, the extent of termination, and the effective date. If, after termination for default, it is determined that the Contractor was not in default or that the Contractor's failure to perform or to make progress in performance is due to causes beyond the control and without the fault or negligence of the Contractor as set forth in the Excusable Delays clause, the rights and obligations of the parties will be the same as if the termination was for the convenience of the Buyer.
- (c) After receipt of a Notice of Termination, and except as directed by the Contracting Officer, the Contractor shall immediately proceed with the following obligations, regardless of any delay in determining or adjusting any amounts due under this clause:
- (1) Stop work as specified in the notice.
- (2) Place no further subcontracts or orders (referred to as subcontracts in this clause), except as necessary to complete the continued portion of the contract.
- (3) Terminate all subcontracts to the extent they relate to the work terminated.
- (4) Assign to the Buyer, as directed by the Contracting Officer, all right, title, and interest of the Contractor under the subcontracts terminated, in which case the Buyer shall have the right to settle or to pay any termination settlement proposal arising out of those terminations.
- (5) With approval or ratification to the extent required by the Contracting Officer, settle all outstanding liabilities and termination settlement proposals arising from the termination of subcontracts, the cost of which would be reimbursable in whole or in part, under this contract; approval or ratification will be final for purposes of this clause.
- (6) Transfer title (if not already transferred) and, as directed by the Contracting Officer, deliver to the Buyer --
- (i) The fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced or acquired for the work terminated;
- (ii) The completed or partially completed plans, drawings, information, and other property that, if the contract had been completed, would be required to be furnished to the Buyer; and
- (iii) The jigs, dies, fixtures, and other special tools and tooling acquired or manufactured for this contract, the cost of which the Contractor has been or will be reimbursed under this contract.
- (7) Complete performance of the work not terminated.
- (8) Take any action that may be necessary, or that the Contracting Officer may direct, for the protection and preservation of the property related to this contract that is in the possession of the Contractor and in which the Buyer has or may acquire an interest.

(9) Use its best efforts to sell, as directed or authorized by the Contracting Officer, any property of the types referred to in subparagraph (c)(6) of this clause; provided, however, that the Contractor

(i) is not required to extend credit to any purchaser and

(ii) may acquire the property under the conditions prescribed by, and at prices approved by, the Contracting Officer.

The proceeds of any transfer or disposition will be applied to reduce any payments to be made by the Buyer under this contract, credited to the price or cost of the work, or paid in any other manner directed by the Contracting Officer.

(d) The Contractor shall submit complete termination inventory schedules no later than 120 days from the effective date of termination, unless extended in writing by the Contracting Officer upon written request of the Contractor within this 120-day period.

(e) After expiration of the plant clearance period as defined in Subpart 49.001 of the Federal Acquisition Regulation, the Contractor may submit to the Contracting Officer a list, certified as to quantity and quality, of termination inventory not previously disposed of, excluding items authorized for disposition by the Contracting Officer. The Contractor may request the Buyer to remove those items or enter into an agreement for their storage. Within 15 days, the Buyer will accept the items and remove them or enter into a storage agreement. The Contracting Officer may verify the list upon removal of the items, or if stored, within 45 days from submission of the list, and shall correct the list, as necessary, before final settlement.

(f) After termination, the Contractor shall submit a final termination settlement proposal to the Contracting Officer in the form and with the certification prescribed by the Contracting Officer. The Contractor shall submit the proposal promptly, but no later than 1 year from the effective date of termination, unless extended in writing by the Contracting Officer upon written request of the Contractor within this 1-year period. However, if the Contracting Officer determines that the facts justify it, a termination settlement proposal may be received and acted on after 1 year or any extension. If the Contractor fails to submit the proposal within the time allowed, the Contracting Officer may determine, on the basis of information available, the amount, if any, due the Contractor because of the termination and shall pay the amount determined.

(g) Subject to paragraph (f) of this clause, the Contractor and the Contracting Officer may agree on the whole or any part of the amount to be paid (including an allowance for fee) because of the termination. The contract shall be amended, and the Contractor paid the agreed amount.

(h) If the Contractor and the Contracting Officer fail to agree in whole or in part on the amount of costs and/or fee to be paid because of the termination of work, the Contracting Officer shall determine, on the basis of information available, the amount, if any, due the Contractor, and shall pay that amount, which shall include the following:

(1) All costs reimbursable under this contract, not previously paid, for the performance of this contract before the effective date of the termination, and those costs that may continue for a reasonable time with the approval of or as directed by the Contracting Officer; however, the Contractor shall discontinue those costs as rapidly as practicable.

(2) The cost of settling and paying termination settlement proposals under terminated subcontracts that are properly chargeable to the terminated portion of the contract if not included in subparagraph (h)(1) of this clause.

(3) The reasonable costs of settlement of the work terminated, including --

(i) Accounting, legal, clerical, and other expenses reasonably necessary for the preparation of termination settlement proposals and supporting data;

- (ii) The termination and settlement of subcontracts (excluding the amounts of such settlements); and
 - (iii) Storage, transportation, and other costs incurred, reasonably necessary for the preservation, protection, or disposition of the termination inventory. If the termination is for default, no amounts for the preparation of the Contractor's termination settlement proposal may be included.
- (4) A portion of the fee payable under the contract, determined as follows:
- (i) If the contract is terminated for the convenience of the Buyer, the settlement shall include a percentage of the fee equal to the percentage of completion of work contemplated under the contract, but excluding subcontract effort included in subcontractors' termination proposals, less previous payments for fee.
 - (ii) If the contract is terminated for default, the total fee payable shall be such proportionate part of the fee as the total number of articles (or amount of services) delivered to and accepted by the Buyer is to the total number of articles (or amount of services) of a like kind required by the contract.
- (5) If the settlement includes only fee, it will be determined under subparagraph (h)(4) of this clause.
- (i) The cost principles and procedures in Part 31 of the Federal Acquisition Regulation, in effect on the date of this contract, shall govern all costs claimed, agreed to, or determined under this clause.
 - (j) The Contractor shall have the right of appeal, under the Disputes clause, from any determination made by the Contracting Officer under paragraph (f), (h), or (l) of this clause, except that if the Contractor failed to submit the termination settlement proposal within the time provided in paragraph (f) and failed to request a time extension, there is no right of appeal. If the Contracting Officer has made a determination of the amount due under paragraph (f), (h) or (l) of this clause, the Buyer shall pay the Contractor --
 - (1) The amount determined by the Contracting Officer if there is no right of appeal or if no timely appeal has been taken; or
 - (2) The amount finally determined on an appeal.
 - (k) In arriving at the amount due the Contractor under this clause, there shall be deducted --
 - (1) All unliquidated advance or other payments to the Contractor, under the terminated portion of this contract;
 - (2) Any claim which the Buyer has against the Contractor under this contract; and
 - (3) The agreed price for, or the proceeds of sale of materials, supplies, or other things acquired by the Contractor or sold under this clause and not recovered by or credited to the Buyer.
 - (l) The Contractor and Contracting Officer must agree to any equitable adjustment in fee for the continued portion of the contract when there is a partial termination. The Contracting Officer shall amend the contract to reflect the agreement.
- (m)(1) The Buyer may, under the terms and conditions it prescribes, make partial payments and payments against costs incurred by the Contractor for the terminated portion of the contract, if the Contracting Officer believes the total of these payments will not exceed the amount to which the Contractor will be entitled.
- (2) If the total payments exceed the amount finally determined to be due, the Contractor shall repay the excess to the Buyer upon demand, together with interest computed at the rate established by the Secretary of the Treasury under 50 U.S.C. App. 1215(b)(2). Interest shall be computed for the period from the date the excess payment is received by the Contractor to the date the excess is repaid. Interest shall not be charged on any excess payment due to a reduction in the Contractor's termination settlement proposal because of retention or other disposition of

termination inventory until 10 days after the date of the retention or disposition, or a later date determined by the Contracting Officer because of the circumstances.

(n) The provisions of this clause relating to fee are inapplicable if this contract does not include a fee.

**952.251-70 CONTRACTOR EMPLOYEE TRAVEL DISCOUNTS
(DEC 2000)**

(a) The contractor shall take advantage of travel discounts offered to Federal contractor employee travelers by AMTRAK, hotels, motels, or car rental companies, when use of such discounts would result in lower overall trip costs and the discounted services are reasonably available. Vendors providing these services may require the contractor employee to furnish them proof that they are working on a government-funded contract.

(b) Contracted airlines. Contractors are not eligible for GSA contract city pair fares.

(c) Discount rail service. AMTRAK voluntarily offers discounts to Federal travelers on official business and sometimes extends those discounts to Federal contractor employees.

(d) Hotels/motels. Many lodging providers extend their discount rates for Federal employees to Federal contractor employees.

(e) Car rentals. The Military Traffic Management Command (MTMC) of the Department of Defense negotiates rate agreements with car rental companies that are available to Federal travelers on official business. Some car rental companies extend those discounts to Federal contractor employees.

(f) Obtaining travel discounts.

(1) To determine which vendors offer discounts to contractors, the contractor may review commercial publications such as the Official Airline guides Official Traveler, Innovata, or National Telecommunications. The contractor may also obtain this information from GSA contract Travel Management Centers or the Department of Defense's Commercial Travel Offices.