

Federal Acquisition Regulation

49.606

Refs:

(a) [Cite termination notice and effective date.]

(b) [Cite prior letters releasing excess funds, if any.]

1. Referenced termination notice, _____ [insert "completely" or "partially"] terminated contract _____.

2. Based on the best information available, it is estimated that the gross settlement cost will be \$ _____. The amount available for release as excess to the contract is \$ _____. Any payments previously made to the Contractor for terminated items have been considered in arriving at the above amounts.

[If prior letters recommending release of excess funds are cited, use the following as paragraph 2:

"The estimated settlement costs previously reported by reference (b) in the amount of \$ _____ are revised. On the best evidence now available, it is estimated that the settlement costs will be \$ _____. The additional amount available for release is \$ _____".]

3. The related appropriations and amounts involved are:

Table with 2 columns: Appropriations, Allocated Amounts. Includes dotted lines for data entry.

- Copies to:
Paying Office
Accounting and Finance Office
Other

49.605 Request to settle subcontractor settlement proposals.

Contractors requesting authority to settle subcontractor settlement proposals shall furnish applicable information from the list below and any additional information required by the contracting officer:

- (a) Name of contractor and address of principal office.
(b) Name and location of divisions of the applicant's plant for which authorization is requested.
(c) An explanation of the necessity and justification for the authorization requested.
(d) A full description of the applicant's organization for handling terminations, including the names of the officials in charge of processing and settling proposals.
(e) The number and dollar amount (estimated if necessary) of uncompleted contracts with Government agencies and the percentage applicable to each agency.

(f) The number and dollar amount (estimated if necessary) of uncompleted subcontracts under Government contracts and the percentage applicable to each agency.

(g) The extent of the applicant's experience in termination matters, including the handling of proposals of subcontractors.

(h) The approximate amount and general nature of terminations of the applicant currently in process.

(i) A statement that no other application has been made for any division of the applicant's plant covered by the application or, if one has been made, a full statement of the facts.

(j) The limit of authorization requested.

49.606 Granting subcontract settlement authorization.

Contracting officers shall use the following format when granting subcontract settlement authorization:

LETTER OF AUTHORIZATION

(a) Your request of _____ (date) is approved, and you are authorized, subject to the limitations of subsection 49.108-4 and those stated below, to settle, without further approval of the Government, all subcontracts and purchase orders terminated by you as a result of a Government contract being terminated or modified (1) for the convenience of the Government or (2) under any other circumstances that may require the Government to bear the cost of their settlement.

(b) This authorization does not extend to the disposition of Government-furnished material or articles completed but undelivered under the subcontract or purchase order, as these require screening and approval of disposal actions by the Government, except that allocable completed articles may be disposed of without Government approval or screening if the total amount (at subcontract price) when added to the amount of settlement (as computed below) does not exceed \$ _____ [insert limit of authorization being granted].

(c) This authorization is subject to the following conditions and requirements:

(1) The amount of the subcontract termination settlement does not exceed \$ _____ [insert limit of authorization being granted], computed as follows:

(i) Do not deduct advance or partial payments or credits for retention or other disposal of termination inventory allocated to the settlement proposal.