# Subpart 47.1 - General

**Parent topic:** Part 47 - Transportation

## 47.101 Policies.

(a) For domestic *shipments*, the *contracting officer shall* authorize *shipments* on commercial bills of lading (CBL's). Government bills of lading (GBL's) *may* be used for international or *noncontiguous domestic trade shipments* or when otherwise authorized.

(b) The *contract administration office* (CAO) *shall* ensure that instructions to contractors result in the most efficient and economical use of transportation services and equipment. Transportation personnel will assist and provide transportation management expertise to the CAO. Specific responsibilities and details on transportation management are located in the Federal Management Regulation at 41 CFR parts 102-117 and 102-118. (For the Department of Defense, DoD 4500.9-R, Defense Transportation Regulation.)

(c) The *contracting officer shall* obtain traffic management advice and assistance (see 47.105) in the consideration of transportation factors required for-

(1) *Solicitations* and awards;

(2) Contract administration, modification, and termination; and

(3) Transportation of property by the Government to and from contractors' plants.

(d)

(1) The preferred method of transporting *supplies* for the Government is by commercial *carriers*. However, Government-owned, leased, or chartered vehicles, aircraft, and vessels *may* be used if-

(i) They are available and not fully utilized;

(ii) Their use will result in substantial economies; and

(iii) Their use is in accordance with all applicable statutes, agency policies and regulations.

(2) If the three circumstances listed in paragraph (d)(1) of this section apply, Government vehicles *may* be used for purposes such as-

(i) Local transportation of *supplies* between Government installations;

(ii) Pickup and delivery services that commercial *carriers* do not perform in connection with line-haul transportation;

(iii) Transportation of *supplies* to meet *emergencies*; and

(iv) Accomplishment of program objectives that cannot be attained by using commercial *carriers*.

(e) Agencies *shall* not accord preferential treatment to any mode of transportation or to any particular *carrier* either in awarding or administering contracts for the *acquisition* of *supplies* or in

awarding contracts for the *acquisition* of transportation. (See subparts 47.2 and 47.3 for situations in which the *contracting officer* is permitted to use specific modes of transportation.)

(f) Agencies *shall* place with small business concerns purchases and contracts for transportation and transportation-related services as prescribed in part 19.

(g) Agencies *shall* comply with the requirements for Government-financed air transportation (commonly referred to as the Fly America Act), the Cargo Preference Act, and related statutes as prescribed in subparts 47.4, Air Transportation by U.S.-Flag *Carriers*, and 47.5, Ocean Transportation by U.S.-Flag Vessels.

(h) When a contract specifies delivery of *supplies f.o.b. origin* with transportation costs to be paid by the Government, the contractor *shall* make *shipments* on bills of lading, or on other shipping documents prescribed by Military Surface Deployment and Distribution Command (SDDC) in the case of seavan containers, either at the direction of or furnished by the CAO or the appropriate agency transportation office.

## 47.102 Transportation insurance.

(a) The Government generally-

(1) Retains the risk of loss of and/or damage to its property that is not the legal liability of commercial *carriers* and

(2) Does not buy *insurance* coverage for its property in the possession of commercial *carriers* (40 U.S.C. 17307). (See part 28, Bonds and *Insurance*.)

(b) Under special circumstances the Government *may*, if such action is considered necessary and in the Government's interest, (1) buy *insurance* coverage for Government property or (2) require the *carrier* to (i) assume full responsibility for loss of or damage to the Government property in its possession and (ii) buy *insurance* to cover the *carrier*'s assumed responsibility. The cost of this *insurance* to the *carrier shall* be part of the transportation cost. (The Secretary of the Treasury prescribes regulations regarding *shipments* of valuables in 31 CFR parts 361 and 362.)

(c)

(1) If special circumstances dictate the need for the Government to buy *insurance* coverage, the *contracting officer shall* ascertain that-

(i) There is no statutory prohibition; and

(ii) Funds for *insurance* are available.

(2) The *contracting officer shall* document the need and authorization for *insurance* coverage in the contract file.

# 47.103 Transportation Payment and Audit Regulation.

## 47.103-1 General.

(a)

(1) Regulations and procedures governing the *bill of lading*, documentation, payment, and audit of transportation services acquired by the *United States* Government are prescribed in 41 CFR part 102-118, Transportation Payment and Audit.

(2) For DoD *shipments*, corresponding guidance is in DoD 4500.9-R, Defense Transportation Regulation, Part II.

(b) Under 31 U.S.C. 3726, all agencies are required to establish a prepayment audit program. For details on the establishment of a prepayment audit, see 41 CFR part 102-118.

(c) The agency designated in paragraph (a)(3) of the clause at 52.247-67 *shall* forward original copies of paid *freight* bills/*invoices*, bills of lading, passenger coupons, and supporting documents as soon as possible following the end of the month, in one package for postpayment audit to the General Services Administration, Transportation Audit Division (QMCA), Crystal Plaza 4, Room 300, 2200 Crystal Drive, Arlington, VA 22202. The specified agency *shall* include the paid *freight* bills/*invoices*, bills of lading, passenger coupons, and supporting documents for first-tier subcontractors under a cost-reimbursement contract. If the inclusion of the paid *freight* bills/*invoices*, bills of lading, passenger coupons, and supporting documents for any subcontractor in the *shipment* is not practicable, the documents *may* be forwarded to GSA in a separate package.

(d) Any original transportation bills or other documents requested by GSA *shall* be forwarded promptly. The specified agency *shall* ensure that the name of the *contracting* agency is stamped or written on the face of the bill before sending it to GSA.

(e) A statement prepared in duplicate by the specified agency *shall* accompany each *shipment* of transportation documents. GSA will acknowledge receipt of the *shipment* by signing and returning the copy of the statement. The statement *shall* show-

(1) The name and address of the specified agency;

(2) The contract number, including any alpha-numeric prefix identifying the *contracting office*;

(3) The name and address of the *contracting office*;

(4) The total number of bills submitted with the statement; and

(5) A listing of the respective amounts paid or, in lieu of such listing, an adding machine tape of the amounts paid showing the Contractor’s voucher or check numbers.

## 47.103-2 Contract clause.

Complete and insert the clause at 52.247-67, Submission of Transportation Documents for Audit, in *solicitations* and contracts when a cost-reimbursement contract is contemplated and the contract or

a first-tier cost-reimbursement subcontract thereunder will authorize reimbursement of transportation as a direct charge to the contract or subcontract.

# 47.104 Government rate tenders under sections 10721 and 13712 of the Interstate Commerce Act (49 U.S.C. 10721 and 13712).

(a) This section explains statutory authority for *common carriers* subject to the jurisdiction of the Surface Transportation Board (motor *carrier*, water *carrier*, *freight* forwarder, rail *carrier*) to *offer* to transport persons or property for the account of the *United States* without charge or at "a rate reduced from the applicable commercial rate." Reduced rates are offered in a *Government rate tender*. Additional information for civilian agencies is available in the Federal Management Regulation (41 CFR parts 102-117 and 102-118) and for DoD in the Defense Transportation Regulation (DoD 4500.9-R).

(b) Reduced rates offered in a *Government rate tender* are authorized for transportation provided by a rail *carrier*, for the movement of *household goods*, and for movement by or with a water *carrier* in *noncontiguous domestic trade*.

(1) For *Government rate tenders* submitted by a rail *carrier*, a rate reduced from the applicable commercial rate is a rate reduced from a rate regulated by the Surface Transportation Board.

(2) For *Government rate tenders* submitted for the movement of *household goods*, "a rate reduced from the applicable commercial rate" is a rate reduced from a rate contained in a published tariff subject to regulation by the Surface Transportation Board.

(3) For *Government rate tenders* submitted for movement by or with a water *carrier* in *noncontiguous domestic trade*, "a rate reduced from the applicable commercial rate" is a rate reduced from a rate contained in a published tariff required to be filed with the Surface Transportation Board.

## 47.104-1 Government rate tender procedures.

(a) 49 U.S.C. 10721 and 13712 rates are published in *Government rate tenders* and apply to *shipments* moving for the account of the Government on-

(1) Commercial bills of lading endorsed to show that total transportation charges are assignable to, and will be reimbursed by, the Government (see the clause at 52.247-1, Commercial *Bill of Lading* Notations); and

(2) Government bills of lading.

(b) Agencies *may* negotiate with *carriers* for additional or revised 49 U.S.C. 10721 and 13712 rates in appropriate situations. Only personnel authorized in agency procedures *may* carry out these negotiations. The following are examples of situations in which negotiations for additional or revised 49 U.S.C. 10721 and 13712 rates *may* be appropriate:

(1) Volume movements are expected.

(2) *Shipments* will be made on a recurring basis between designated places, and substantial savings in transportation costs appear possible even though a volume movement is not involved.

(3) Transit arrangements are feasible and advantageous to the Government.

## 47.104-2 Fixed-price contracts.

(a) *F.o.b. destination.* 49 U.S.C. 10721 and 13712 rates do not apply to *shipments* under fixed-price *f.o.b. destination* contracts (delivered price).

(b) *F.o.b. origin.* If it is advantageous to the Government, the *contracting officer may* occasionally require the contractor to prepay the *freight* charges to a specific destination. In such cases, the contractor *shall* use a commercial *bill of lading* and be reimbursed for the direct and actual transportation cost as a separate item in the *invoice*. The clause at 52.247-1, Commercial *Bill of Lading* Notations, will ensure that the Government in this type of arrangement obtains the benefit of 49 U.S.C. 10721 and 13712 rates.

## 47.104-3 Cost-reimbursement contracts.

(a) 49 U.S.C. 10721 and 13712 rates *may* be applied to *shipments* other than those made by the Government if the total benefit accrues to the Government, i.e., the Government *shall* pay the charges or directly and completely reimburse the party that initially bears the *freight* charges. Therefore, 49 U.S.C. 10721 and 13712 rates *may* be used for *shipments* moving on commercial bills of lading in cost reimbursement contracts under which the transportation costs are direct and allowable costs under the cost principles of part 31.

(b) 49 U.S.C. 10721 and 13712 rates *may* be applied to the movement of *household goods* and personal effects of contractor employees who are relocated for the convenience and at the direction of the Government and whose total transportation costs are reimbursed by the Government.

(c) The clause at 52.247-1, Commercial *Bill of Lading* Notations, will ensure that the Government receives the benefit of lower 49 U.S.C. 10721 and 13712 rates in cost-reimbursement contracts as described in paragraphs (a) and (b) of this section.

(d) *Contracting officers shall-*

(1) Include in contracts a statement requiring the contractor to use *carriers* that *offer* acceptable service at reduced rates if available; and

(2) Ensure that contractors receive the name and location of the transportation officer designated to furnish support and guidance when using *Government rate tenders*.

(e) The transportation office *shall-*

(1) Advise and assist *contracting officers* and contractors; and

(2) Make available to contractors the names of *carriers* that provide service under 49 U.S.C. 10721 and 13712 rates, cite applicable rate tenders, and advise contractors of the statement that *must* be shown on the *carrier*'s commercial *bill of lading* (see the clause at 52.247-1, Commercial *Bill of Lading* Notations).

### 47.104-4 Contract clauses.

(a) In order to ensure the application of 49 U.S.C. 10721 and 13712 rates, where authorized (see 47.104(b)), insert the clause at 52.247-1, Commercial *Bill of Lading* Notations, in *solicitations* and contracts when the contracts will be-

(1) Cost-reimbursement contracts, including those that *may* involve the movement of *household goods* (see 47.104-3(b)); or

(2) Fixed-price *f.o.b. origin* contracts (other than contracts at or below the *simplified acquisition threshold*) (see 47.104-2(b) and 47.104-3).

(b) The *contracting officer may* insert the clause at 52.247-1, Commercial *Bill of Lading* Notations, in *solicitations* and contracts made at or below the *simplified acquisition threshold* when it is contemplated that the delivery terms will be *f.o.b. origin*.

### 47.104-5 Citation of Government rate tenders.

When 49 U.S.C. 10721 and 13712 rates apply, transportation offices or contractors, as appropriate, *shall* identify the applicable *Government rate tender* by endorsement on bills of lading.

## 47.105 Transportation assistance.

(a) Civilian Government activities that do not have transportation officers, or otherwise need assistance on transportation matters, *shall* obtain assistance from-

(1) The GSA Regional Federal Supply Service Bureau that provides support to the activity or

(2) The transportation element of the *contract administration office* designated in the contract.

(b) Military installations *shall* obtain transportation assistance from the transportation office of the *contracting activity*, unless another military activity has been designated as responsible for furnishing assistance, guidance, or data. Military transportation offices *shall* request needed additional aid from the Military Surface Deployment and Distribution Command (SDDC).