

49.105 Duties of termination contracting officer after issuance of notice of termination.

(a) Consistent with the termination clause and the notice of termination, the TCO *shall*-

- (1) Direct the action required of the prime contractor;
- (2) Examine the *settlement proposal* of the prime contractor and, when appropriate, the *settlement proposals* of sub-contractors;
- (3) Promptly negotiate settlement with the contractor and enter into a *settlement agreement*; and
- (4) Promptly settle the contractor's *settlement proposal* by determination for the elements that cannot be agreed on, if unable to negotiate a complete settlement.

(b) To expedite settlement, the TCO *may* request specially qualified personnel to-

- (1) Assist in dealings with the contractor;
- (2) Advise on legal and contractual matters;
- (3) Conduct accounting reviews and advise and assist on accounting matters; and
- (4) Perform the following functions regarding *termination inventory* (see [subpart 45.6](#)):
 - (i) Verify its existence.
 - (ii) Determine qualitative and quantitative allocability.
 - (iii) Make recommendations concerning serviceability.
 - (iv) Undertake necessary screening and redistribution.
 - (v) Assist the contractor in accomplishing other disposition.

(c) The TCO *should* promptly hold a conference with the contractor to develop a definite program for effecting the settlement. When appropriate in the judgment of the TCO, after consulting with the contractor, principal subcontractors *should* be requested to attend. Topics that *should* be discussed at the conference and documented include-

- (1) General principles relating to the settlement of any *settlement proposal*, including obligations of the contractor under the termination clause of the contract;
- (2) Extent of the termination, point at which work is stopped, and status of any plans, drawings, and information that would have been delivered had the contract been completed;
- (3) Status of any continuing work;
- (4) Obligation of the contractor to terminate subcontracts and general principles to be followed in

settling subcontractor *settlement proposals*;

(5) Names of subcontractors involved and the dates termination notices were issued to them;

(6) Contractor personnel handling review and settlement of subcontractor *settlement proposals* and the methods being used;

(7) Arrangements for transfer of title and delivery to the Government of any material required by the Government;

(8) General principles and procedures to be followed in the protection, preservation, and disposition of the contractor's and subcontractors' *termination inventories*, including the preparation of *termination inventory* schedules;

(9) Contractor accounting practices and preparation of [SF 1439](#) (Schedule of Accounting Information ([49.602-3](#)));

(10) Form in which to submit *settlement proposals*;

(11) Accounting review of *settlement proposals*;

(12) Any requirement for interim financing in the nature of partial payments;

(13) Tentative time schedule for negotiation of the settlement, including submission by the contractor and subcontractors of *settlement proposals*, *termination inventory* schedules, and accounting information schedules (see [49.206-3](#) and [49.303-2](#));

(14) Actions taken by the contractor to minimize impact upon employees affected adversely by the termination (see paragraph (g) of the letter notice in [49.601-2](#)); and

(15) Obligation of the contractor to furnish accurate, complete, and current *cost or pricing data*, and to certify to that effect in accordance with [15.403-4\(a\)\(1\)](#) when the amount of a termination *settlement agreement*, or a *partial termination settlement agreement* plus the estimate to complete the *continued portion of the contract* exceeds the threshold in [15.403-4](#).

- **[49.105-1 Termination status reports.](#)**
- **[49.105-2 Release of excess funds.](#)**
- **[49.105-3 Termination case file.](#)**
- **[49.105-4 Cleanup of construction site.](#)**

Parent topic: [Subpart 49.1 - General Principles](#)