

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](#)