

SUBPART 49.1 – GENERAL PRINCIPLES

Parent topic: [PART 49 -- TERMINATION OF CONTRACTS](#)

49.101 Authorities and responsibilities.

(a) A contracting officer (KO) may terminate contracts for convenience or default to the extent of the authority provided on the Contracting Officer's Certificate of Appointment (SF 1402). All proposed terminations shall be coordinated through legal counsel, the respective Chief of the Contracting Office (CoCO), and the Head of the Contracting Office (HCO). The proposed termination shall be coordinated with the DISA Office of Small Business Programs (OSBP) if the contractor is a small business. Termination letter templates are located at [DARS PGI 49.101](#).

49.102 Notice of termination.

(d) A contracting officer may reinstate a contract only after a Determination and Findings (D&F) has been approved by the cognizant HCO. The D&F must set forth the reasons why the contract was terminated and why it should now be reinstated. The D&F must be coordinated with legal counsel.

49.107 Audit of prime contract settlement proposals and subcontract settlements.

(a) The contracting officer shall ensure that each prime contract settlement proposal is reviewed by a DITCO Cost/Price Analyst for the purpose of evaluating the reasonableness prior to negotiating the final settlement. The Cost/Price Analyst will assist the KO in the development of a settlement negotiation position, as necessary

(c) Requests to an Audit agency to perform an accounting review will be prepared by the Cost/Price Analyst, for signature by the KO. An audit request is not required for commercial item contracts awarded under Part 12 procedures, in accordance with FAR 49.002(a)(2). See FAR subpart 12.403 for termination policies for commercial item contracts.

49.108 Settlement of subcontract settlement proposals.

49.108-8 Assignment of rights under subcontracts.

(a) The KO shall submit a D&F recommending the assignment to the HCO for approval. The D&F shall be coordinated with a DITCO Cost/Price Analyst and legal counsel.

(b) The KO shall not finalize any settlement proposal arising out of the termination of subcontracts until the D&F is approved by the HCO. A D&F shall be coordinated with a DITCO Cost/Price Analyst and legal counsel.

49.109 Settlement agreements.

49.109-1 General.

(S-90) The settlement agreement and SF30 shall be coordinated with the Cost/Price Analyst, legal counsel, and the HCO.