

Flowdown Attachment

RIS FDA-2022.0038

Blanket Purchase Order Release No.: N143940111

Blanket Purchase Order No.: N143940000

Prime Contract No.: FA8616-14-D-6060

DPAS Rating: DX-A1

If the Purchase Order is valued at or above \$750,000 (\$1,500,000 for construction), and is not for commercial items, the following applies:

In order to meet the requirements of FAR 52.219-9 or DFARS 252.219-7004, the Seller agrees to provide a Small Business Subcontracting Plan prior to the award of a Purchase Order. The referenced plan should contain goals for subcontracting with small businesses, small disadvantaged businesses, woman-owned small business, historically under-utilized small business, veteran owned and service disabled veteran owned businesses in accordance with the plan requirements outlined in FAR 52.219-9 or DFARS 252.219-7004.

In addition, the Seller must submit an Individual Subcontracting Report (ISR) via the Electronic Subcontracting Reporting System (eSRS) (<http://www.esrs.gov>) on a semi-annual basis for reporting periods ending on March 31st and September 30th. Reports are due no later than 15 days after the close of each reporting period.

Email for Seller's official acknowledging or rejecting the ISR: ris.esrs@raytheon.com
(Seller must include contractor official on the ISR report email notification)

In the event of a conflict between the threshold in this section and a threshold set forth in the applicability statement of 52.219-9 or 252.219-7004 below, the threshold in this section shall control.

The following customer contract requirements apply to this Order or Purchase Order to the extent indicated below and are hereby incorporated into the Order or Purchase Order by full text or by reference with the same force and effect as if they were given in full text. Upon Supplier's or Seller's request, Buyer's Purchasing Representative will make their full text available. Also, the full text of a FAR or DFARS provision or clause may be accessed electronically at these addresses: <https://www.acquisition.gov/dfars/part-252-solicitation-provisions-and-contract-clauses> or <https://www.acquisition.gov/far/>:

Whenever necessary to make the context of the Clauses applicable to the Order or Purchase Order, the term "Contractor" or "Offeror" shall mean "Supplier" or "Seller", "Subcontractor" shall mean "Seller's Subcontractor", the term "Contract" shall mean the Order or Purchase Order, and the term "Government", "Contracting Officer" and equivalent phrases shall mean Buyer, except the terms "Government" and "Contracting Officer" do not change: (a) in the phrases, "Government Property", "Government-Furnished Property", and "Government-Owned Property", (b) in the patent Clauses if incorporated herein, (c) when a right, act, authorization, or obligation can be granted or performed only by the Government or the Contracting Officer or a duly authorized representative, such as in FAR 52.227-1 and FAR 52.227-2, (d) when title to property is to be transferred directly to the Government,

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(e) when access to Proprietary Information is required, except as specifically otherwise provided herein, and (f) where specifically modified herein. Supplier or Seller shall incorporate into each lower-tier subcontract placed in support of the Order or Purchase Order all applicable Clauses in accordance with the flowdown requirements specified in each such Clause. If any of the following clauses do not apply to this Order or Purchase Order, such clauses are considered to be self-deleting.

SPECIAL CONTRACT REQUIREMENTS:

STORAGE OF FLIGHT TEST PROPERTY

(Applicable to all Purchase Orders that require the use of government property.)

All government property (GFP, ST/STE, material, etc.) required to support Flight Test activities under this Order may be stored at the South Base facility, Edwards AFB CA. This facility is funded directly by the SPO and meets the definition of a fully funded storage agreement for retention of government property without a current contractual requirement. The government property to be stored at Edwards AFB CA will be accountable to the FAST contract until such time as it is required under the FAST II contract. Accountability will transfer at that time by contract modification to the losing gaining contracts. Use of this designated storage facility is restricted to storage of government property required for flight test activities.

CONTRACTOR MANPOWER REPORTING (VARIATION)

(Applicable to all Purchase Orders. The Seller's obligation under this clause is to assist the Buyer, if requested, in reporting subcontractor labor hours.)

The Seller shall report ALL contractor labor hours (including subcontractor labor hours) required for performance of services provided under this Order for the United States Air Force via a secure data collection site. The Seller is required to completely fill in all required data fields at <http://www.ecmra.mil>. Reporting inputs will be for the labor executed during the period of performance for each Government fiscal year (FY), which runs from 1 October through 30 September. While inputs may be reported any time during the FY, all data shall be reported no later than 31 October of each calendar year. The Seller may direct questions to the Contractor Manpower Reporting Application (CMRA) help desk.

TECHNICAL DATA PACKAGE (VARIATION)

(Applicable to Purchase Orders requiring the delivery of technical data, except contractual instruments for commercial items or commercial components.)

The Seller shall deliver a Production-level Technical Data Package representing the configuration of the RALT3 IAW MIL-STD-31000A. The Seller shall ensure document markings conform to Defense Acquisition Regulation (DFAR) Supplement Part 227 as prescribed by DFARS 252.227 provisions. The Seller shall ensure document markings conform to DoDI 5230.24. The Seller shall identify all technical data to be furnished to the Buyer with restriction on use, reproduction, and disclosure IAW DFARS 227.7103 and 252.227-7017. The erroneous, provide corrections prior to Buyer delivery. The Seller shall deliver the TDP and Master Data Listing (MDL) IAW the IMS. The Seller shall deliver the MDL at PDR, CDR, SVR, and contract closeout. MDL shall represent completeness of all documents/data at the time of each event. The Seller shall deliver the TDP at CDR, SVR, and contract

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closeout. The TDP shall be representative of the engineering baseline at the time of each event. The Seller is not required to re-deliver unchanged, government approved subsequent TDP items. (DI-SESS 81000E (A026)).

The Seller shall invoke these same requirements with its subcontractors or vendors at any tier requiring the delivery of technical data, except contractual instruments for commercial items or commercial components. Vendors are required to provide the same depth of data that the prime is obligated to provide to the Government. Subcontractor or vendor data may be provided directly to the Government if rights limitations preclude their being provided by the way of the Buyer. Any deviation in subcontractor and vendor data content must be approved by the Buyer. Seller shall mark all scientific technical information (STINFO) to be delivered to Buyer.

INTEGRATED PROGRAM MANAGEMENT REPORT (IPMR)

(Applicable to all Purchase Orders valued at greater than \$20M.)

IPMR shall be flowed down to all subcontractors or suppliers having a contract value of more than \$20M. IPMR flow down shall include WINSIGHT XML files and Integrated Master Schedule (IMS) files on a monthly basis. Subcontractors/suppliers IPMRs shall be incorporated into the Prime IPMR of the same month, no lag. If the contractor receives IMS, IPMR files, WINSIGHT XML files from subcontractors or suppliers, the most current copy shall be submitted to the B-2 program office within 3 business days after receipt. Subcontractors IPMRs incorporated into the prime IPMR within the same month. NOTE: Applicable to all Orders valued at greater than \$20 million.

LIMITED RIGHTS (VARIATION)

(Applicable to Purchase Orders requiring the delivery of technical/engineering data.)

Regardless of "Limited Rights" claims, the Buyer and Sellers shall provide required data translated to the English language, for the express purpose of identifying and cataloging items with a full description. Letters of refusal must clearly state reason(s) for refusal to provide the data requirements levied and recommend alternate methods of furnishing required Engineering Data for Provisioning to the Prime Provisioning Activity.

4.1.7 CONSUMPTION REPORTING

(Applicable to all Purchase Orders.)

The Seller shall identify and provide to the Buyer or designated Material Analyst all material and components consumed in the repair of LRUs identified in the Para.14, entitled "Candidate Lists", and their indentured SRUs (if repair was required regardless of the installed part being CFM (CAP) or GFM (stock room asset)). Additionally, this requirement for reporting installed components and consumption of components installed shall be flowed to the next lower tier supplier(s) for submission to the Seller for further submission to the Buyer.

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4.1.16 MISHAP NOTIFICATION

(Applicable to all Purchase Orders.)

The Seller shall notify the Buyer within one day (24 hours) of all mishaps or incidents (involving damage to DoD property entrusted by this contract). A written report of the mishap/incident shall be sent within three calendar days to the Buyer. For information not available at the time of initial written report, the contractor shall provide the remaining information no later than 20 calendar days after the mishap, unless extended by the Buyer.

Mishap notifications shall contain, as a minimum, the following information:

- a. Contract, Contract Number, Name and Title of Person(s) Reporting
- b. Date, Time and exact location of accident/incident
- c. Brief Narrative of accident/incident (Events leading to accident/incident)
- d. Cause of accident/incident, if known
- e. Estimated cost of accident/incident (material and labor to repair/replace)
- f. Nomenclature of equipment and personnel involved in accident/incident
- g. Corrective actions (taken or proposed)
- h. Other pertinent information

Should the Buyer or the Government decide to investigate the mishap, the Seller shall cooperate fully and assist in the investigation until completed. This requirement for notification and reporting shall be flowed to Seller's lower tier suppliers for submission to the Buyer as required.

4.2.1 WORK DOCUMENTS

(Applicable to all Purchase Orders related to repairs.)

The Seller's program shall include clear and complete repair work documents for all repairs. These documents shall consist of: complete step-by-step work instructions; WARNING and CAUTION notes to preclude personnel injury and equipment damage; and any supporting documents relating to the repair. Examples of records to be retained by Seller shall include, but is not limited to the following:

- a. Stock receipts and issues.
 - b. Inspection discrepancy sheets.
 - c. Repair Acceptance Test Procedure (RATP) data sheets.
 - d. Released engineering and drawing utilized.
 - e. Government forms received with the item.
 - f. Component replacement records.
 - g. Quality Records.
 - h. Certifications.
 - i. RLAT (Radiation Lot Acceptance Test) records for those SRUs/LRUs requiring this special reporting.
- All work documents (at any tier) shall be made available for review or submittal to the Buyer upon request.

17. GOVERNMENT PROPERTY

(Applicable to all Purchase Orders in which Seller is provided Government property.)

A. If, in performing this Order, any government property is furnished to Seller, Seller shall assume the risk of, and be responsible for, any loss, destruction of or damage to government property while in Seller's

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possession or control except to the extent that this Order provides otherwise. Seller shall return all Government property in a condition as good as when received except for reasonable wear and tear. Seller shall establish and maintain a system for control of Government property in accordance with FAR 52.245-1. "Government Property" Seller shall notify Buyer if the Government determines that its system is inadequate.

B. If Seller cannot locate Government -furnished property; Seller has thirty (30) business days to find the unlocated property, perform root cause analysis and provide Buyer with a Loss Report. The property need requirement is either:

1. There is an immediate need for the property, Seller will notify Buyer of the unlocated status of the asset and replace the asset to original requirements, OR
2. If an immediate need is not present, the Loss Report will be submitted to Buyer for submittal to Government for a determination of need and intrinsic value. If determined a need exists, Seller will replace the asset to original requirements. If no need exists, then a negotiation through Buyer with the appropriate

Government Contracting Officer will be negotiated. Seller will provide Buyer a check, made out to the U.S. Treasury for the negotiated value.

18. DISPOSAL OF PRODUCTS

(Applicable to all Purchase Orders.)

Seller shall not sell, or otherwise dispose of as scrap or otherwise, any completed or partially completed or defective Products without defacing or rendering such Products unsuitable for use. Upon completion or termination of this Order, Seller shall, at Seller's expense, dispose of all Products, including partially completed Products, as required or directed by Buyer.

26. INSURANCE (This provision is in addition to RTX terms.)

(Applicable to all Purchase Orders.)

A. During the entire Order period Seller and its subcontractors shall, at their sole cost and expense, procure and maintain Worker's Compensation insurance coverage as required by the laws of the state in which the work is performed and such insurance shall provide waiver of subrogation against Buyer. Seller shall also maintain, at their sole cost and expense, Employer Liability insurance in the amount of \$1,000,000.

B. Whenever performance requires work on a Government installation, Buyer's premises, or premises under the care, custody or control of Buyer or Buyer's customer, Seller and its subcontractors shall, procure and maintain the following insurance coverage in the minimum limits indicated:

1. General Liability - Combined Single Limit \$2,000,000 bodily injury and property damage. Coverage shall include but not necessarily be limited to, premises and operations, products and completed operations and contracts.
2. Automobile Liability - Combined Single Limit \$2,000,000 bodily injury and property damage covering all owned, hired and non-owned vehicles.

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C. All insurance required as a part of this Order shall be placed with insurance companies that are authorized to do business under the laws of the state or states in which the work is being performed.

D. General Liability and Automobile Liability insurance coverage shall provide that Buyer is named as an additional insured, but solely with respect to those matters for which Seller is required to provide indemnification under this Order and then only to the extent of the indemnification provided by Seller under this Order, and if requested by Buyer, Seller shall provide evidence that the required insurance is in place in the form of insurance certificates.

E. Insurance coverage described herein must be in place and effective prior to commencement of any activity that is the subject of this Order. Renewal insurance certificates, if applicable shall be provided to Buyer within 5 days of the expiration date of the insurance under each required coverage.

F. Each Party shall defend on behalf of, and indemnify and hold harmless the other Party and its officers, agents, and employees from and against all liabilities, damages, losses and judgments, including costs and expenses incidental thereto, which may be suffered by, accrued against, charges to or recoverable from the other Party or its officers, agents, or employees, by reason of loss or damage to property or by reason of injury or death of any person directly resulting from, or caused by, the negligent or intentionally wrongful acts or omissions of the indemnifying Party's officers, employees, or agents in the performance of this Order

G. Additional insurance types and/or limits will be necessary if the work involves extra hazardous operations. The extra hazardous operations include dispensing of medical care, operations involving the nuclear hazard, providing professional engineering advice, large construction projects (above \$5,000,000) hazardous waste, food service, crane operation, work above ground, work below ground, and operations involving demolition or explosives.

H. If work involves non-U.S. military aviation products, Aviation Products Liability:
\$100,000,000.

I. If project involves ownership or lease of an aircraft, Aviation Hull and War Risk for Replacement Cost or Agreed value.

J. Foreign Direct Sale Insurance mandated by the country involved.

30. ASBESTOS

(Applicable to all Purchase Orders.)

Seller shall not provide any Product that contains asbestos and shall submit certification to Buyer on demand that the Products contain no asbestos.

27. LABOR DISPUTES

(Applicable to all Purchase Orders.)

Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay timely performance of this Order, Seller shall immediately give notice to Buyer including all

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relevant information including, but not limited to, nature of dispute, labor organizations involved, estimated impact on Seller's performance of Buyer's order and estimated duration. Seller shall also provide updated reports throughout the dispute duration. Seller agrees to insert the substance of this clause, including this sentence, in any lower-tier subcontract where a labor dispute might delay timely performance of this Order.

49. CITIZENSHIP ELIGIBILITY REQUIREMENTS

(Applicable to all Purchase Orders)

A. Employees of Seller who perform Services under this Order shall be citizens of the United States of America (U.S.), its possessions or territories, or lawful permanent residents as defined by 8 United States Code (U.S.C.) 1101(a)(20), or protected individuals as defined by 8 U.S.C. 1324b(a)(3). Seller shall provide Corporate Form C-609A, Non-Employee OneBadge Request, not later than 10 days after notice of award of a purchase order. Seller shall promptly notify Buyer of any changes to the Certification. Failure to provide the Certification, or notice of changes, may result in termination of the purchase order for default.

B. Upon the request of Buyer, Seller shall submit verification of citizenship, lawful permanent resident status, protected individual status, or employment eligibility status to Buyer for each employee who will perform Services under this Order. Examples of documents that may be considered satisfactory are state birth certificates, U.S. passports, U.S. naturalization papers, and "green" cards (I-551) issued by the U.S. Department of Immigration and Naturalization. Consistent with Immigration and Reform Act (IRCA), the order of presentment of such documents shall be the sole prerogative of Seller's employees. If these documents are not available, a compilation of other evidence may suffice.

C. Employees of Seller not listed on the Certification of Employees or providing individual proof of U.S. citizenship, or other status as described in subparagraph B. above, may be denied access to Buyer's premises.

66. INTELLECTUAL PROPERTY RIGHTS

(Applicable to all Purchase Orders.)

It is mutually understood and agreed that neither Party shall, under this Order, acquire, directly or by implication, any rights in any Intellectual Property of the other Party owned, controlled, acquired, developed, authored, conceived or reduced to practice, including but not limited to inventions described and claimed in applications for U.S. Patent. Each Party can use the other Party's Intellectual Property solely in support of the other Party's performance of this Order and for Buyer's performance of its higher tier contract under which this Order was issued, but not for any re-procurement other than for re-procurement required and requested by the U.S. Government and for which the U.S. Government possesses sufficient intellectual property rights. Furthermore, all Intellectual Property shall remain identifiable to the owning Party. Rights in Technical Data and Non-Commercial Computer Software and Non-Commercial Software Documentation as set forth in DFARS 252.227-7013 and 252.227-7014 extend only to the U.S. Government and the provisions under this Clause are not intended to be inconsistent with the foregoing DFARS clauses.

96. RESTRICTIONS ON THE USE OF MANDATORY ARBITRATION AGREEMENTS (DFARS 252.222-7006)

(Applicable to all Purchase Orders at every tier that will be funded with in excess of \$1 million of Fiscal Year 2010 funds, except for those for commercial items, including commercially available off-the-shelf items.)

Applicable to all subcontracts, task orders and Purchase Orders at every tier that utilize funds appropriated or otherwise made available by the Fiscal Year 2010 Defense Appropriations Act or subsequent DoD appropriations acts for any contract (including task or delivery orders and bilateral modifications adding new work) in excess of \$1 million except for commercial items and commercially available off-the-shelf items.

A. Seller agrees not to –

1. Enter into any agreement with any of its employees or independent contractors that requires, as a condition of employment, that the employee or independent contractor agree to resolve through arbitration any claim under title VII of the Civil Rights Act of 1964 or any tort related to or arising out of sexual assault or harassment, including assault and battery, intentional infliction of emotional distress, false imprisonment, or negligent hiring, supervision, or retention; or
2. Take any action to enforce any provision of an existing agreement with an employee or independent contractor that mandates that the employee or independent contractor resolve through arbitration any claim under title VII of the Civil Rights Act of 1964 or any tort related to or arising out of sexual assault or harassment, including assault and battery, intentional infliction of emotional distress, false imprisonment, or negligent hiring, supervision, or retention.

B. Seller agrees to flow down this provision in all subcontracts, task orders and Purchase Orders at every tier that will be funded with in excess of \$1 million of Fiscal Year 2010 funds, except for those for commercial items, including commercially available off-the-shelf items.

C. Failure to comply with this provision will be considered a material breach and, at the sole discretion of the Buyer, may result in termination for default or cause.

48. SELLER'S EMPLOYEES

(Applicable to all Purchase Orders for services performed by personnel.)

A. All personnel assigned by Seller to perform the Services to be furnished hereunder shall be capable, skilled, qualified and competent to perform such Services.

B. Buyer may require Seller to remove from its or customer's premises any employee, agent, or representative of Seller, or any of its subcontractors, Buyer deems incompetent, careless or otherwise objectionable. Seller shall remove such employee, agent or representative from the premises immediately.

C. At all times Seller shall use suitable safety precautions, including, as a minimum, those safety precautions issued in instructions and directions by Buyer or Buyer's customer. Such safety precautions shall include, but not be limited to, the use of proper materials, tools, equipment and other

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safeguards, as appropriate.

D. Seller and Seller's personnel shall also comply with all applicable rules, regulations and orders of the Occupational Safety and Health Act of 1970 (P.L. 91-596, 29 USC 651-678), as amended, and all applicable safety laws, rules, regulations and orders of the United States and the State wherein this Order is being performed. Seller agrees to defend, hold harmless, and indemnify Buyer from and against any noncompliance by Seller with any of the above laws, rules, regulations and orders as may be applicable.

E. If this Order requires Seller's personnel to enter Buyer's or Buyer's customer's premises, Seller agrees to have its personnel, engaged in the performance of Services hereunder, report to Buyer's plant, at times to be specified by Buyer, a Seller's expense (unless otherwise herein specified), for attendance at a training session or sessions concerning Buyer's or its customer's standards and procedures relating to on-site rules of behavior, work schedule, security procedures and any other standards and procedures adhered to by Buyer's or customer's employees.

22. SUBCONTRACTING

(Applicable to all Purchase Orders.)

A. Seller shall not subcontract without the prior written authorization of Buyer for the design or procurement of the whole or any major component of any Product ordered hereunder, and Seller shall require a like agreement from immediate and lower-tier suppliers. This is not a restriction on authorized distributors, dealers, jobbers or industrial suppliers.

B. No subcontract placed under this Order shall provide for payment on a cost-plus-percentage-of cost basis, and any fee payable under cost-reimbursement reimbursement subcontracts shall not exceed the fee limitations in FAR subsection 15.404-4(c).

C. Any subcontract awarded to a foreign person, as defined in the ITAR or the Export Administration Regulations (EAR), must comply with the "Export and Import Compliance" clause herein.

SUBCONTRACT WARRANTIES

In addition to any warranty rights and remedies provided by this Order, Seller shall, to the maximum extent practicable, (a) assure that all express subcontractor warranties/guaranties applicable to the accessories, equipment, and parts installed in or provided as a part of the end-item purchased under this Order are fully available to and for the benefit of Buyer and its customers for the life of such warranties.

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FAR AND DFARS CLAUSES INCORPORATED BY REFERENCE FROM THE BLANKET PURCHASE ORDER RELEASE:

Clause Number	Title	Applicability (Reference to "Purchase Orders" includes underlying Solicitations)	Applies to Commercial (C) and/or Non-Commercial (NC) procurements	
			C	NC

FAR AND DFARS CLAUSES INCORPORATED BY REFERENCE FROM THE BLANKET PURCHASE ORDER:

Clause Number	Title	Applicability (Reference to "Purchase Orders" includes underlying Solicitations)	Applies to Commercial (C) and/or Non-Commercial (NC) procurements	
			C	NC
52.203-5	Covenant Against Contingent Fees (May 2014)	Applicable to Purchase Orders over the Simplified Acquisition Threshold.		X
52.203-12	Limitation on Payments to Influence Certain Federal Transactions (Jun 1997)	Applicable to all Purchase Orders exceeding \$100,000.	X	X
52.203-15	Whistleblower Protections Under the American Recovery and Reinvestment Act of 2009 (Jun 2010)	Applicable to all Purchase Orders, including for Commercial Items pursuant to 52.244-6, when the Prime Contract is funded in whole or in part with Recovery Act funds.	X	X
52.203-16	Preventing Personal Conflicts of Interest (Dec 2011)	Applicable to Purchase Orders over \$150,000 that include a requirement for services that involve performance of acquisition functions closely associated with inherently governmental functions for, or on behalf of, a Federal agency or department.	X	X
52.204-2	Security Requirements (Aug 1996)	Applicable to all Purchase Orders that involve access to classified information. Any reference to the Changes clause is excluded. Delete paragraph (c.)	X	X
52.215-2	Audit and Records - Negotiation (Aug 1996) - Alternate I (Jan 1997)	Applicable to the following Purchase Orders that exceed the Simplified Acquisition Threshold: (i) that are cost-reimbursement, incentive, time-and-materials, labor-hour, or price-	X	X

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Clause Number	Title	Applicability (Reference to “Purchase Orders” includes underlying Solicitations)	Applies to Commercial (C) and/or Non-Commercial (NC) procurements	
			C	NC
		redeterminable type or any combination of these, (ii) for which certified cost or pricing data are required; or (iii) that require Seller to furnish reports as discussed in paragraph (e) of the clause. Alt III applies when the head of the agency has waived the examination of records by the Comptroller General in accordance with 25.1001		
52.215-10	Price Reduction for Defective Cost or Pricing Data (OCT 1997)	Applicable to all Purchase Orders that require the Seller to provide certified cost or pricing data. This clause does not apply to Purchase Orders for commercial items or if the Seller qualifies for any of the other exemptions in FAR 15.403-1.		X
52.215-10	Price Reduction for Defective Certified Cost or Pricing Data (Aug 2011)	Applicable to all Purchase Orders that require the Seller to provide certified cost or pricing data. This clause does not apply to Purchase Orders for commercial items or if the Seller qualifies for any of the other exemptions in FAR 15.403-1.		X
52.215-11	Price Reduction for Defective Certified Cost or Pricing Data – Modifications (Oct 1997)	Applicable to all Purchase Orders that require the Seller to provide certified cost or pricing data. This clause does not apply to Purchase Orders for commercial items or if the Seller qualifies for any of the other exemptions in FAR 15.403-1.		X
52.215-12	Subcontractor Certified Cost or Pricing Data (Oct 2010)	Applicable if the Purchase Order is in excess of \$750,000. This clause does not apply to Purchase Orders for commercial items or if the Seller qualifies for any of the other exemptions in FAR 15.403-1.		X
52.215-13	Subcontractor Certified Cost or Pricing Data – Modifications (Oct 2010)	Applicable to Purchase Orders that exceed the threshold for submission of certified cost or pricing data at FAR 15.403-4 on the date of agreement on price or the date of award, whichever is later. This clause does not apply to Purchase Orders for commercial items or if the Seller qualifies for any of the other exemptions in FAR 15.403-1.		X

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Clause Number	Title	Applicability (Reference to "Purchase Orders" includes underlying Solicitations)	Applies to Commercial (C) and/or Non-Commercial (NC) procurements	
			C	NC
52.215-14	Integrity of Unit Prices (Oct 1997) Alternate I (Oct 1997)	Applicable to Purchase Orders exceeding the Simplified Acquisition Threshold less paragraph (b) in the clause, except for construction or architect-engineer services under FAR Part 36; utility services under FAR Part 41; services where supplies are not required; and petroleum products.		X
52.215-15	Pension Adjustments and Asset Reversions (Dec 1998)	Applicable to Purchase Orders for which it is anticipated that certified cost or pricing data will be required or for which any preaward or postaward cost determinations will be subject to Part 31.	X	X
52.215-16	Facilities Capital Cost of Money (Oct 1997)	Flows on a Cost Reimbursement, Time & Material or Labor Hour Purchase Orders. Applies if Seller proposed FCCM and if the Purchase Order is subject to FAR 31.2 cost principles	X	X
52.216-7	Allowable Cost and Payment (Apr 1998)	Applicable to Cost Reimbursement or Time & Material Purchase Orders. Seller must execute assignment documents in accordance with requirements in the clause		X
52.216-10	Incentive Fee (Mar 1997)	Applicable to cost plus incentive fee Purchase Orders.		X
52.219-8	Utilization of Small Business Concerns (Jan 2011)	Applicable to all Purchase Orders, including for Commercial Items pursuant to 52.244-6, (except to small business concerns) that offer further subcontracting opportunities. (see FAR 52.219-9)	X	X
52.219-9	Small Business Subcontracting Plan (Oct 2014)	Applicable to Purchase Orders over \$650,000 and to Purchase Orders to the extent that the work under the Purchase Order will be performed in the United States or its outlying areas or Seller is recruiting employees in the United States or its outlying areas to work on the Purchase Order. Not applicable to Purchase Orders for commercial items.		X

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Clause Number	Title	Applicability (Reference to “Purchase Orders” includes underlying Solicitations)	Applies to Commercial (C) and/or Non-Commercial (NC) procurements	
			C	NC
52.222-19	Child Labor—Cooperation With Authorities and Remedies (Dec 1996)	Applicable to Purchase Orders for the acquisition of supplies that are expected to exceed the micro-purchase thresholds.	X	X
52.222-19	Child Labor—Cooperation With Authorities and Remedies (JAN 2020)	Applicable to Purchase Orders for the acquisition of supplies that are expected to exceed the micro-purchase thresholds.	X	X
52.222-20	Walsh-Healey Public Contracts Act (Oct 2010)	Applicable to Purchase Orders subject to the Equal Opportunity clause.	X	X
52.222-26	Equal Opportunity (Mar 2007)	Applicable to all Purchase Orders exceeding \$10,000. Foreign Sellers: Applicable to Purchase Orders except to the extent that work under the Purchase Order will be performed outside the United States or by employees that are not recruited within the United States to work on the Purchase Order. “United States”, as used in this parenthetical, means the 50 States, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, and Wake Island.	X	X
52.222-35	Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (Sep 2010)	Applicable to all Purchase Orders of \$100,000 or more. Foreign Sellers: Applicable to Purchase Orders when the listing of employment openings for purposes of work to be performed under this Purchase Order occur and are filled within the 50 States, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, and Wake Island.	X	X

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Clause Number	Title	Applicability (Reference to "Purchase Orders" includes underlying Solicitations)	Applies to Commercial (C) and/or Non-Commercial (NC) procurements	
			C	NC
52.222-36	Affirmative Action for Workers With Disabilities (Oct 2010)	Applicable to all Purchase Orders exceeding \$15,000. Foreign Sellers: Applicable to Purchase Orders to the extent that work under the Purchase Order will be performed in the United States, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, or Wake Island or Seller is recruiting employees in the United States, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, or Wake Island to work on the Purchase Order.	X	X
52.222-37	Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (Sep 2010)	Applicable to all Purchase Orders of \$100,000 or more. Foreign Sellers: Applicable to Purchase Orders when the listing of employment openings for purposes of work to be performed under this Purchase Order occur and are filled within the 50 States, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, and Wake Island.	X	X
52.222-44	Fair Labor Standards Act and Service Contract Act -- Price Adjustment (May 2014)	Applicable to all Purchase Orders when Seller's performance includes performance in area subject to prevailing wage determinations and / pr is subject to collective bargaining agreements.	X	X
52.222-54	Employment Eligibility Verification (Jul 2012)	Applicable to all Purchase Orders (i) for construction or commercial or noncommercial services (except commercial services that are part of a purchase of a COTS item, or an item that would be a COTS item, but for minor modifications, performed by the COTS provider, and that are normally provided for that COTS item); (ii) has a value more than \$3,000; and (iii) includes work performed in the United States. Foreign Sellers: "United States" means the 50 States, the District of Columbia, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S.	X	X

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			C	NC
		Virgin Islands.		
52.223-2	Clean Air and Water (Apr 1984)	Applicable to all Purchase Orders that exceed \$100,000.	X	X
52.223-5	Pollution Prevention and Right-to-Know Information (May 2011)	Applicable to all Purchase Orders that provide for performance on a Federal facility per the terms of the clause.	X	X
52.223-11	Ozone-Depleting Substances (May 2001)	Applicable to all Purchase Orders for products that contain or are manufactured with ozone-depleting substances.	X	X
52.223-14	Toxic Chemical Release Reporting (Aug 2003)	Applicable to all Purchase Orders exceeding \$100,000.	X	X
52.223-15	Energy Efficiency in Energy-Consuming Products (Dec 2007)	Applicable to all Purchase Orders for energy consuming products unless the product is not listed in the ENERGY STAR Program or EFMP.	X	X
52.224-2	Privacy Act (Apr 1984)	Applicable to Purchase Orders that require the design, development, or operation of any system of records on individuals that is subject to the Privacy Act.	X	X
52.225-11	Restrictions on Certain Foreign Purchases (AUG 1998)	Applicable to all Purchase Orders	X	X
52.236-13	Accident Prevention (Nov 1991)	Applicable to all fixed-price construction, fixed-price dismantling, demolition, or removal of improvements Purchase Orders.	X	X
52.245-1	Government Property (Apr 2012)	Applicable to all Purchase Orders when Government property is acquired or furnished (see PT-001).	X	X

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			C	NC
52.245-1	Government Property - Alternate I (Apr 2012)	Applicable to all Purchase Orders when Government property is acquired or furnished (see PT-001). The following is added as paragraph (n): "Contractor shall provide Buyer immediate notice of any disapproval, withdrawal of approval, or non-acceptance by the Government of its property control system."	X	X
52.246-2	Inspection of Supplies-Fixed-Price (Aug 1996) - Alternate I (Jul 1985)	Applicable to all fixed-price Purchase Orders for supplies, or services that involve the furnishing of supplies.	X	X
252.203-7000	Requirements Relating to Compensation of Former DoD Officials (Sep 2011)	Requirements Relating to Compensation of Former DoD Officials (SEP 2011)	X	X
252.203-7001	Special Prohibition on Employment (Jun 1997)	Applicable to Purchase Orders that exceed \$100,000.		X
252.203-7004	Display of Hotline Posters (Dec 2012)	Applicable to Purchase Orders that exceed \$5.0 million.		X
252.204-7008	Export-Controlled Items (Apr 2010)	Applicable to all Purchase Orders	X	X
252.204-7009	Limitations on the Use or Disclosure of Third-Party Contractor Reported Cyber Incident Information (Oct 2016)	Applicable to all Purchase Orders for services that include support for the Government's activities related to safeguarding covered defense information and cyber incident reporting.	X	X
252.209-7004	Subcontracting with Firms that are Owned or Controlled by the Government of a Country that is a State Sponsor of Terrorism (May 2019)	Applicable to Purchase Orders over \$35,000.	X	X
252.204-7010	Requirement for Contractor to Notify DoD if the Contractor's Activities are Subject to Reporting Under the US International Atomic Energy Agency Additional Protocol (Jan 2009)	Applicable to all Purchase Orders that are subject to the provisions of the U.S.-IAEA AP.	X	X

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			C	NC
252.209-7000	Acquisition From Subcontractors Subject to On-Site Inspection Under the Intermediate-Range Nuclear Forces (INF) Treaty (Nov 1995)	Applicable to all Purchase Orders exceeding the simplified acquisition threshold, except solicitations and contracts for commercial items.		X
252.209-7004	Subcontracting with Firms that are Owned or Controlled by the Government of a Country that is a State Sponsor of Terrorism (Dec 2006)	Applicable to all Purchase Orders.	X	X
252.219-7003	Small, Small Disadvantaged and Women-owned Small Business Subcontracting Plan (DoD Contracts) (APR 1996)	Applicable to all Purchase Orders.	X	X
252.219-7003	Small Business Subcontracting Plan (DoD Contracts) (Aug 2012)	Applicable to all Purchase Orders to Sellers that participate in the Test Program described in DFARS 219.702-70, if the subcontract is expected to exceed \$650,000 (\$1.5 million for construction of any public facility) and to have further subcontracting opportunities.	X	X
252.222-7999	Additional Requirements and Responsibilities Restricting the Use of Mandatory Arbitration Agreements (DEVIATION) (Feb 2010)	Applicable to all Purchase Orders.		X
252.223-7006	Prohibition on Storage and Disposal of Toxic and Hazardous Materials (Sep 2014)	Applicable to all Purchase Orders that require, may require, or permit a Seller or its lower tier subcontractors access to a DoD installation.	X	X
252.225-7006	Quarterly Reporting of Actual Contract Performance Outside the United States (Oct 2010)	Applicable to first-tier Purchase Orders exceeding \$650,000, except those for commercial items, construction, ores, natural gases, utilities, petroleum products and crudes, timber (logs), or subsistence.		X
252.225-7008	Supplies to be Accorded Duty-Free Entry (Mar 1998)	Applicable to all Purchase Orders.	X	X
252.225-7009	Duty Free Entry – Qualifying Country End Products and Supplies (Mar 1998)	Applicable to all Purchase Orders.	X	X

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			C	NC
252.225-7009	Restriction on Acquisition of Certain Articles Containing Specialty Metals (Jun 2013)	Applicable to all Purchase Orders, excluding paragraph (d) which is deleted from this clause, for items containing specialty metals.	X	X
252.225-7010	Duty Free Entry – Additional Provisions (Mar 1998)	Applicable to all Purchase orders for qualifying country end products except Purchase Orders for commercially available off-the-shelf items (COTS).	X	X
252.225-7014	Preference for Domestic Specialty Metals (Mar 1998)	Applicable to all Purchase Orders.	X	X
252.225-7014	Preference for Domestic Specialty Metals Alternate I (Mar 1998)	Applicable to all Purchase Orders.	X	X
252.225-7014	Preference for Domestic Specialty Metals (DEVIATION No. 2008 O0002)	Applicable to all Purchase Orders.	X	X
252.225-7014	Preference for Domestic Specialty Metals (DEVIATION No. 2008-O0002) Alternate I	Applicable to all Purchase Orders.	X	X
252.225-7015	Restriction on Acquisition of Hand or Measuring Tools (Jun 2005)	Applicable to all Purchase Orders for Hand or measuring tools.	X	X
252.225-7015	Restriction on Acquisition of Ball and Roller Bearings (Jun 2011)	Applicable to all Purchase Orders for Goods that contain ball or roller bearings, except those that are for commercial items.	X	X
252.225-7025	Restriction on Acquisition of Forgings (Dec 2009)	Applicable to all Purchase Orders for forging items or for other items that contain forging items.	X	X
252.225-7026	Reporting of Contract Performance Outside of the U.S. (MAR 1998)	Applicable to Purchase Orders for exceeding \$500,000, except Purchase Orders for commercial items, construction, ores, natural gases, utilities, petroleum products and crudes, timber (logs), or subsistence.		X
252.225-7028	Exclusionary Policies and Practices of Foreign Governments (Apr 2003)	Applicable to all Purchase Orders for supplies and services.	X	

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			C	NC
252.225-7030	Restriction on Acquisition of Carbon, Alloy, and Armor Steel Plate (Dec 2006)	Applicable to all Purchase Orders for Carbon, Alloy, and Armor Steel Plate.	X	X
252.225-7039	Contractors Performing Private Security Functions (Jun 2012)	Applicable to all Purchase Orders when private security functions will be performed outside the United States in areas of— (1) Contingency operations; (2) Combat operations, as designated by the Secretary of Defense; (3) Other significant military operations (as defined in 32 CFR part 159), designated by the Secretary of Defense upon agreement of the Secretary of State; (4) Peace operations, consistent with Joint Publication 3-07.3; or (5) Other military operations or military exercises, when designated by the Combatant Commander.	X	X
252.227-7038	Patent Rights—Ownership by the Contractor (Large Business) (Jun 2012) - Alternate I (Dec 2007)	Applicable to all Purchase Orders for experimental, developmental, or research work if the Seller is not a small business or nonprofit organization, unless a different patent rights clause is required by FAR 27.303.		X
252.227-7039	Patents--Reporting of Subject Inventions (Apr 1990)	Applicable to all Purchase Orders for experimental, developmental, or research work to be performed by a small business concern or nonprofit organization		X
252.228-7001	Ground and Flight Risk (Jun 2010)	Applicable to all Purchase Orders for the acquisition, development, production, modification, maintenance, repair, flight, or overhaul of aircraft unless an exception listed at DFARS 228.370(b)(1) applies.		X
252.234-7004	Cost and Software Data Reporting System (Nov 2014)	Applicable to Purchase Orders that exceed \$50 million.	X	X
252.235-7003	Frequency Authorization (Dec 1991) - Alternate I	Applicable to all Purchase Orders requiring the development, production, construction, testing, or operation of a device for which a radio frequency authorization is required	X	X

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			C	NC
252.235-7004	Protection of Human Subjects (Jul 2009)	Applicable to all Purchase Orders that may include research involving human subjects. This clause does not apply to subcontracts that involve only the use of cadaver materials.		X
252.236-7013	Requirements for Competition Opportunity for American Steel Producers, Fabricators, and Manufactures (June 2013)	Applicable to all Purchase Orders.	X	X
252.237-7010	Prohibition on Interrogation of Detainees by Contractor Personnel (Jun 2013)	Applicable to all Purchase Orders that require Seller personnel to interact with detainees in the course of their duties.	X	
252.237-7023	Continuation of Essential Contractor Services (Oct 2010)	Applicable to all Purchase Orders for essential services as defined in the clause.	X	X
252.239-7000	Protection Against Compromising Emanations (JUN 2004)	Applicable to all Purchase Orders involving information technology that requires protection against compromising emanations.	X	X
252.239-7000	Protection Against Compromising Emanations (Oct 2019)	Applicable to all Purchase Orders involving information technology that requires protection against compromising emanations.	X	X
252.247-7023	Transportation of Supplies by Sea (Feb 2019)	Applicable if the Seller is transporting supplies by sea under this Purchase Order and (i) This Purchase Order is a construction contract; or (ii) The supplies being transported are—(A) Noncommercial items; or (B) Commercial items that— (1) The Seller is reselling or distributing to the Government without adding value (generally, the Seller does not add value to items that it subcontracts for f.o.b. destination shipment); (2) Are shipped in direct support of U.S. military contingency operations, exercises, or forces deployed in humanitarian or peacekeeping operations; or (3) Are commissary or exchange cargoes transported outside of the Defense Transportation System in accordance with 10 U.S.C. 2643 Paragraphs (f) and	X	X

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Clause Number	Title	Applicability (Reference to "Purchase Orders" includes underlying Solicitations)	Applies to Commercial (C) and/or Non-Commercial (NC) procurements	
			C	NC
		<p>(g) shall not apply if this Order or any lower-tier subcontract is at or below \$100,000.</p> <p>Paragraph (c), first sentence has been modified as to read "The Seller and its subcontractors may request that the Buyer obtain Government authorization for shipment..." "45" is changed to "60" days in paragraph (d) and "30" to "20" in paragraph (e). In paragraph (e), delete "and the division of National Cargo, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, DC 20590." In paragraph (g) "for the purposes of the Prompt Payment clause of this contract" is deleted.</p>		
252.247-7024	Notification of Transportation of Supplies by Sea (Mar 2000)	Applicable to all Purchase Orders if the supplies being transported are noncommercial items or commercial items that (i) Seller is reselling or distributing to the Government without adding value (generally, Seller does not add value to items that it contracts for f.o.b. destination shipment); (ii) are shipped in direct support of U.S. military contingency operations, exercises, or forces deployed in humanitarian or peacekeeping operations; or (iii) are commissary or exchange cargoes transported outside the Defense Transportation System in accordance with 10 U.S.C. 2643.	X	X

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AFFAIRS CLAUSES INCORPORATED BY REFERENCE:

Clause Number	Title	Applicability (Reference to "Purchase Orders" includes underlying Solicitations)
5352.246-9002	Correction of Supplies Accepted (AFMC) (Jul 1997)	Applicable to all Purchase Orders.

AFFAIRS CLAUSES INCORPORATED BY FULL TEXT:

5352.227-9000 EXPORT CONTROLLED DATA RESTRICTIONS (AFMC) (JUL 1997)

(Applicable to all Purchase Orders.)

(a) For the purpose of this clause,

(1) Foreign person is any person who is not a citizen or national of the U.S. or lawfully admitted to the U.S. for permanent residence under the Immigration and Nationality Act, and includes foreign corporations, international organizations, and foreign governments;

(2) Foreign representative is anyone, regardless of nationality or citizenship, acting as an agent, representative, official, or employee of a foreign government, a foreign-owned or influenced firm, corporation or person;

(3) Foreign sources are those sources (vendors, subcontractors, and suppliers) owned and controlled by a foreign person; and

(b) The Contractor shall place a clause in subcontracts containing appropriate export control restrictions, set forth in this clause.

(c) Nothing in this clause waives any requirement imposed by any other U.S. Government agency with respect to employment of foreign nationals or export controlled data and information. (d) Equipment and technical data generated or delivered under this contract are controlled by the International Traffic in Arms Regulation (ITAR), 22 CFR Sections 121 through 128. An export license is required before assigning any foreign source to perform work under this contract or before granting access to foreign persons to any equipment and technical data generated or delivered during performance (see 22 CFR Section 125). The Contractor shall notify the Contracting Officer and obtain written approval of the Contracting Officer prior to assigning or granting access to any work, equipment, or technical data generated or delivered under this contract to foreign persons or their representatives. The notification shall include the name and country of origin of the foreign person or representative, the specific work, equipment, or data to which the person will have access, and whether the foreign person is cleared to have access to technical data (DoD 5220.22-M, National Industrial Security Program Operating Manual (NISPOM)).

(End of Clause)

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FAR, DFARS AND SPECIAL AGENCY CLAUSES INCORPORATED BY FULL TEXT:

52.216-7 ALLOWABLE COST AND PAYMENT (AUG 2018)

(Applicable to Cost Reimbursement or Time & Material Purchase Orders. Seller must execute assignment documents in accordance with requirements in the clause. Applies to Commercial Non-Commercial procurements.)

(a) Invoicing.

(1) The Government will make payments to the Contractor when requested as work progresses, but (except for small business concerns) not more often than once every 2 weeks, in amounts determined to be allowable by the Contracting Officer in accordance with Federal Acquisition Regulation (FAR) Subpart 31.2 in effect on the date of this contract and the terms of this contract. The Contractor may submit to an authorized representative of the Contracting Officer, in such form and reasonable detail as the representative may require, an invoice or voucher supported by a statement of the claimed allowable cost for performing this contract.

(2) Contract financing payments are not subject to the interest penalty provisions of the Prompt Payment Act. Interim payments made prior to the final payment under the contract are contract financing payments, except interim payments if this contract contains Alternate I to the clause at 52.232-25.

(3) The designated payment office will make interim payments for contract financing on the _____ [Contracting Officer insert day as prescribed by agency head; if not prescribed, insert "30th"] day after the designated billing office receives a proper payment request. In the event that the Government requires an audit or other review of a specific payment request to ensure compliance with the terms and conditions of the contract, the designated payment office is not compelled to make payment by the specified due date.

(b) Reimbursing costs.

(1) For the purpose of reimbursing allowable costs (except as provided in paragraph (b)(2) of this clause, with respect to pension, deferred profit sharing, and employee stock ownership plan contributions), the term "costs" includes only—

(i) Those recorded costs that, at the time of the request for reimbursement, the Contractor has paid by cash, check, or other form of actual payment for items or services purchased directly for the contract;

(ii) When the Contractor is not delinquent in paying costs of contract performance in the ordinary course of business, costs incurred, but not necessarily paid, for—

(A) Supplies and services purchased directly for the contract and associated financing payments to subcontractors, provided payments determined due will be made—

(1) In accordance with the terms and conditions of a subcontract or invoice; and

(2) Ordinarily within 30 days of the submission of the Contractor's payment request to the Government;

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(B) Materials issued from the Contractor's inventory and placed in the production process for use on the contract;

(C) Direct labor;

(D) Direct travel;

(E) Other direct in-house costs; and

(F) Properly allocable and allowable indirect costs, as shown in the records maintained by the Contractor for purposes of obtaining reimbursement under Government contracts; and

(iii) The amount of financing payments that have been paid by cash, check, or other forms of payment to subcontractors.

(2) Accrued costs of Contractor contributions under employee pension plans shall be excluded until actually paid unless—

(i) The Contractor's practice is to make contributions to the retirement fund quarterly or more frequently; and

(ii) The contribution does not remain unpaid 30 days after the end of the applicable quarter or shorter payment period (any contribution remaining unpaid shall be excluded from the Contractor's indirect costs for payment purposes).

(3) Notwithstanding the audit and adjustment of invoices or vouchers under paragraph (g) of this clause, allowable indirect costs under this contract shall be obtained by applying indirect cost rates established in accordance with paragraph (d) of this clause.

(4) Any statements in specifications or other documents incorporated in this contract by reference designating performance of services or furnishing of materials at the Contractor's expense or at no cost to the Government shall be disregarded for purposes of cost-reimbursement under this clause.

(c) *Small business concerns.* A small business concern may receive more frequent payments than every 2 weeks.

(d) Final indirect cost rates.

(1) Final annual indirect cost rates and the appropriate bases shall be established in accordance with Subpart 42.7 of the Federal Acquisition Regulation (FAR) in effect for the period covered by the indirect cost rate proposal.

(2)(i) The Contractor shall submit an adequate final indirect cost rate proposal to the Contracting Officer (or cognizant Federal agency official) and auditor within the 6-month period following the expiration of each of its fiscal years. Reasonable extensions, for exceptional circumstances only, may be requested in writing by the Contractor and granted in writing by the Contracting Officer. The Contractor shall support its proposal with adequate supporting data.

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(ii) The proposed rates shall be based on the Contractor's actual cost experience for that period. The appropriate Government representative and the Contractor shall establish the final indirect cost rates as promptly as practical after receipt of the Contractor's proposal.

(iii) An adequate indirect cost rate proposal shall include the following data unless otherwise specified by the cognizant Federal agency official:

(A) Summary of all claimed indirect expense rates, including pool, base, and calculated indirect rate.

(B) *General and Administrative expenses (final indirect cost pool)*. Schedule of claimed expenses by element of cost as identified in accounting records (Chart of Accounts).

(C) *Overhead expenses (final indirect cost pool)*. Schedule of claimed expenses by element of cost as identified in accounting records (Chart of Accounts) for each final indirect cost pool.

(D) *Occupancy expenses (intermediate indirect cost pool)*. Schedule of claimed expenses by element of cost as identified in accounting records (Chart of Accounts) and expense reallocation to final indirect cost pools.

(E) Claimed allocation bases, by element of cost, used to distribute indirect costs.

(F) Facilities capital cost of money factors computation.

(G) Reconciliation of books of account (*i.e.*, General Ledger) and claimed direct costs by major cost element.

(H) Schedule of direct costs by contract and subcontract and indirect expense applied at claimed rates, as well as a subsidiary schedule of Government participation percentages in each of the allocation base amounts.

(I) Schedule of cumulative direct and indirect costs claimed and billed by contract and subcontract.

(J) *Subcontract information*. Listing of subcontracts awarded to companies for which the contractor is the prime or upper-tier contractor (include prime and subcontract numbers; subcontract value and award type; amount claimed during the fiscal year; and the subcontractor name, address, and point of contact information).

(K) Summary of each time-and-materials and labor-hour contract information, including labor categories, labor rates, hours, and amounts; direct materials; other direct costs; and, indirect expense applied at claimed rates.

(L) Reconciliation of total payroll per IRS form 941 to total labor costs distribution.

(M) Listing of decisions/agreements/approvals and description of accounting/organizational changes.

(N) Certificate of final indirect costs (see [52.242-4](#), Certification of Final Indirect Costs).

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(O) Contract closing information for contracts physically completed in this fiscal year (include contract number, period of performance, contract ceiling amounts, contract fee computations, level of effort, and indicate if the contract is ready to close).

(iv) The following supplemental information is not required to determine if a proposal is adequate, but may be required during the audit process:

(A) Comparative analysis of indirect expense pools detailed by account to prior fiscal year and budgetary data.

(B) General organizational information and limitation on allowability of compensation for certain contractor personnel. See 31.205-6(p). Additional salary reference information is available at <https://www.whitehouse.gov/wp-content/uploads/2017/11/ContractorCompensationCapContractsAwardedBeforeJune24.pdf> and <https://www.whitehouse.gov/wp-content/uploads/2017/11/ContractorCompensationCapContractsAwardedafterJune24.pdf>.

(C) Identification of prime contracts under which the contractor performs as a subcontractor.

(D) Description of accounting system (excludes contractors required to submit a CAS Disclosure Statement or contractors where the description of the accounting system has not changed from the previous year's submission).

(E) Procedures for identifying and excluding unallowable costs from the costs claimed and billed (excludes contractors where the procedures have not changed from the previous year's submission).

(F) Certified financial statements and other financial data (*e.g.*, trial balance, compilation, review, *etc.*).

(G) Management letter from outside CPAs concerning any internal control weaknesses.

(H) Actions that have been and/or will be implemented to correct the weaknesses described in the management letter from subparagraph (G) of this section.

(I) List of all internal audit reports issued since the last disclosure of internal audit reports to the Government.

(J) Annual internal audit plan of scheduled audits to be performed in the fiscal year when the final indirect cost rate submission is made.

(K) Federal and State income tax returns.

(L) Securities and Exchange Commission 10-K annual report.

(M) Minutes from board of directors meetings.

(N) Listing of delay claims and termination claims submitted which contain costs relating to the subject fiscal year.

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(O) Contract briefings, which generally include a synopsis of all pertinent contract provisions, such as: contract type, contract amount, product or service(s) to be provided, contract performance period, rate ceilings, advance approval requirements, pre-contract cost allowability limitations, and billing limitations.

(v) The Contractor shall update the billings on all contracts to reflect the final settled rates and update the schedule of cumulative direct and indirect costs claimed and billed, as required in paragraph (d)(2)(iii)(I) of this section, within 60 days after settlement of final indirect cost rates.

(3) The Contractor and the appropriate Government representative shall execute a written understanding setting forth the final indirect cost rates. The understanding shall specify (i) the agreed-upon final annual indirect cost rates, (ii) the bases to which the rates apply, (iii) the periods for which the rates apply, (iv) any specific indirect cost items treated as direct costs in the settlement, and (v) the affected contract and/or subcontract, identifying any with advance agreements or special terms and the applicable rates. The understanding shall not change any monetary ceiling, contract obligation, or specific cost allowance or disallowance provided for in this contract. The understanding is incorporated into this contract upon execution.

(4) Failure by the parties to agree on a final annual indirect cost rate shall be a dispute within the meaning of the Disputes clause.

(5) Within 120 days (or longer period if approved in writing by the Contracting Officer) after settlement of the final annual indirect cost rates for all years of a physically complete contract, the Contractor shall submit a completion invoice or voucher to reflect the settled amounts and rates. The completion invoice or voucher shall include settled subcontract amounts and rates. The prime contractor is responsible for settling subcontractor amounts and rates included in the completion invoice or voucher and providing status of subcontractor audits to the contracting officer upon request.

(6)(i) If the Contractor fails to submit a completion invoice or voucher within the time specified in paragraph (d)(5) of this clause, the Contracting Officer may—

(A) Determine the amounts due to the Contractor under the contract; and

(B) Record this determination in a unilateral modification to the contract.

(ii) This determination constitutes the final decision of the Contracting Officer in accordance with the Disputes clause.

(e) *Billing rates.* Until final annual indirect cost rates are established for any period, the Government shall reimburse the Contractor at billing rates established by the Contracting Officer or by an authorized representative (the cognizant auditor), subject to adjustment when the final rates are established. These billing rates—

(1) Shall be the anticipated final rates; and

(2) May be prospectively or retroactively revised by mutual agreement, at either party's request, to prevent substantial overpayment or underpayment.

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(f) *Quick-closeout procedures.* Quick-closeout procedures are applicable when the conditions in FAR 42.708(a) are satisfied.

(g) *Audit.* At any time or times before final payment, the Contracting Officer may have the Contractor's invoices or vouchers and statements of cost audited. Any payment may be—

(1) Reduced by amounts found by the Contracting Officer not to constitute allowable costs; or

(2) Adjusted for prior overpayments or underpayments.

(h) Final payment.

(1) Upon approval of a completion invoice or voucher submitted by the Contractor in accordance with paragraph (d)(5) of this clause, and upon the Contractor's compliance with all terms of this contract, the Government shall promptly pay any balance of allowable costs and that part of the fee (if any) not previously paid.

(2) The Contractor shall pay to the Government any refunds, rebates, credits, or other amounts (including interest, if any) accruing to or received by the Contractor or any assignee under this contract, to the extent that those amounts are properly allocable to costs for which the Contractor has been reimbursed by the Government. Reasonable expenses incurred by the Contractor for securing refunds, rebates, credits, or other amounts shall be allowable costs if approved by the Contracting Officer. Before final payment under this contract, the Contractor and each assignee whose assignment is in effect at the time of final payment shall execute and deliver—

(i) An assignment to the Government, in form and substance satisfactory to the Contracting Officer, of refunds, rebates, credits, or other amounts (including interest, if any) properly allocable to costs for which the Contractor has been reimbursed by the Government under this contract; and

(ii) A release discharging the Government, its officers, agents, and employees from all liabilities, obligations, and claims arising out of or under this contract, except—

(A) Specified claims stated in exact amounts, or in estimated amounts when the exact amounts are not known;

(B) Claims (including reasonable incidental expenses) based upon liabilities of the Contractor to third parties arising out of the performance of this contract; provided, that the claims are not known to the Contractor on the date of the execution of the release, and that the Contractor gives notice of the claims in writing to the Contracting Officer within 6 years following the release date or notice of final payment date, whichever is earlier; and

(C) Claims for reimbursement of costs, including reasonable incidental expenses, incurred by the Contractor under the patent clauses of this contract, excluding, however, any expenses arising from the Contractor's indemnification of the Government against patent liability.

(End of clause)

52.216-16 INCENTIVE PRICE REVISION-FIRM TARGET (OCT 1997)

(Applicable to incentive fee Purchase Orders. Applies to Commercial Non-Commercial procurements.)

(a) *General.* The supplies or services identified in the Schedule as Items _____ [*Contracting Officer insert Schedule line item numbers*] are subject to price revision in accordance with this clause; provided, that in no event shall the total final price of these items exceed the ceiling price of _____ dollars (\$_____). Any supplies or services that are to be (1) ordered separately under, or otherwise added to, this contract and (2) subject to price revision in accordance with the terms of this clause shall be identified as such in a modification to this contract.

(b) *Definition.* "Costs," as used in this clause, means allowable costs in accordance with [part 31](#) of the Federal Acquisition Regulation (FAR) in effect on the date of this contract.

(c) Data submission.

(1) Within _____ [*Contracting Officer insert number of days*] days after the end of the month in which the Contractor has delivered the last unit of supplies and completed the services specified by item number in paragraph (a) of this clause, the Contractor shall submit in the format of [Table 15-2](#), FAR [15.408](#), or in any other form on which the parties agree-

(i) A detailed statement of all costs incurred up to the end of that month in performing all work under the items;

(ii) An estimate of costs of further performance, if any, that may be necessary to complete performance of all work under the items;

(iii) A list of all residual inventory and an estimate of its value; and

(iv) Any other relevant data that the Contracting Officer may reasonably require.

(2) If the Contractor fails to submit the data required by paragraph (c)(1) of this clause within the time specified and it is later determined that the Government has overpaid the Contractor, the Contractor shall repay the excess to the Government immediately. Unless repaid within 30 days after the end of the data submittal period, the amount of the excess shall bear interest, computed from the date the data were due to the date of repayment, at the rate established in accordance with the Interest clause.

(d) *Price revision.* Upon the Contracting Officer's receipt of the data required by paragraph (c) of this clause, the Contracting Officer and the Contractor shall promptly establish the total final price of the items specified in (a) of this clause by applying to final negotiated cost an adjustment for profit or loss, as follows:

(1) On the basis of the information required by paragraph (c) of this clause, together with any other pertinent information, the parties shall negotiate the total final cost incurred or to be incurred for supplies delivered (or services performed) and accepted by the Government and which are subject to price revision under this clause.

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(2) The total final price shall be established by applying to the total final negotiated cost an adjustment for profit or loss, as follows:

(i) If the total final negotiated cost is equal to the total target cost, the adjustment is the total target profit.

(ii) If the total final negotiated cost is greater than the total target cost, the adjustment is the total target profit, less _____ [Contracting Officer insert percent] percent of the amount by which the total final negotiated cost exceeds the total target cost.

(iii) If the final negotiated cost is less than the total target cost, the adjustment is the total target profit plus _____ [Contracting Officer insert percent] percent of the amount by which the total final negotiated cost is less than the total target cost.

(e) *Contract modification.* The total final price of the items specified in paragraph (a) of this clause shall be evidenced by a modification to this contract, signed by the Contractor and the Contracting Officer. This price shall not be subject to revision, notwithstanding any changes in the cost of performing the contract, except to the extent that-

(1) The parties may agree in writing, before the determination of total final price, to exclude specific elements of cost from this price and to a procedure for subsequent disposition of those elements; and

(2) Adjustments or credits are explicitly permitted or required by this or any other clause in this contract.

(f) Adjusting billing prices.

(1) Pending execution of the contract modification (see paragraph (e) of this clause), the Contractor shall submit invoices or vouchers in accordance with billing prices as provided in this paragraph. The billing prices shall be the target prices shown in this contract.

(2) If at any time it appears from information provided by the contractor under paragraph (g)(2) of this clause that the then-current billing prices will be substantially greater than the estimated final prices, the parties shall negotiate a reduction in the billing prices. Similarly, the parties may negotiate an increase in billing prices by any or all of the difference between the target prices and the ceiling price, upon the Contractor's submission of factual data showing that final cost under this contract will be substantially greater than the target cost.

(3) Any billing price adjustment shall be reflected in a contract modification and shall not affect the determination of the total final price under paragraph (d) of this clause. After the contract modification establishing the total final price is executed, the total amount paid or to be paid on all invoices or vouchers shall be adjusted to reflect the total final price, and any resulting additional payments, refunds, or credits shall be made promptly.

(g) *Quarterly limitation on payments statement.* This paragraph (g) shall apply until final price revision under this contract has been completed.

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(1) Within 45 days after the end of each quarter of the Contractor's fiscal year in which a delivery is first made (or services are first performed) and accepted by the Government under this contract, and for each quarter thereafter, the Contractor shall submit to the contract administration office (with a copy to the contracting office and the cognizant contract auditor) a statement, cumulative from the beginning of the contract, showing-

(i) The total contract price of all supplies delivered (or services performed) and accepted by the Government and for which final prices have been established;

(ii) The total costs (estimated to the extent necessary) reasonably incurred for, and properly allocable solely to, the supplies delivered (or services performed) and accepted by the Government and for which final prices have not been established;

(iii) The portion of the total target profit (used in establishing the initial contract price or agreed to for the purpose of this paragraph (g)) that is in direct proportion to the supplies delivered (or services performed) and accepted by the Government and for which final prices have not been established-increased or decreased in accordance with paragraph (d)(2) of this clause, when the amount stated under subdivision (g)(1)(ii) of this clause differs from the aggregate target costs of the supplies or services; and

(iv) The total amount of all invoices or vouchers for supplies delivered (or services performed) and accepted by the Government (including amounts applied or to be applied to liquidate progress payments).

(2) Notwithstanding any provision of this contract authorizing greater payments, if on any quarterly statement the amount under subdivision (g)(1)(iv) of this clause exceeds the sum due the Contractor, as computed in accordance with subdivisions (g)(1)(i), (ii), and (iii) of this clause, the Contractor shall immediately refund or credit to the Government the amount of this excess. The Contractor may, when appropriate, reduce this refund or credit by the amount of any applicable tax credits due the Contractor under [26 U.S.C.1481](#) and by the amount of previous refunds or credits effected under this clause. If any portion of the excess has been applied to the liquidation of progress payments, then that portion may, instead of being refunded, be added to the unliquidated progress payment account consistent with the Progress Payments clause. The Contractor shall provide complete details to support any claimed reductions in refunds.

(3) If the Contractor fails to submit the quarterly statement within 45 days after the end of each quarter and it is later determined that the Government has overpaid the Contractor, the Contractor shall repay the excess to the Government immediately. Unless repaid within 30 days after the end of the statement submittal period, the amount of the excess shall bear interest, computed from the date the quarterly statement was due to the date of repayment, at the rate established in accordance with the Interest clause.

(h) *Subcontracts*. No subcontract placed under this contract may provide for payment on a cost-plus-a-percentage-of-cost basis.

(i) *Disagreements*. If the Contractor and the Contracting Officer fail to agree upon the total final price within 60 days (or within such other period as the Contracting Officer may specify) after the date on which the data required by paragraph (c) of this clause are to be submitted, the Contracting Officer shall promptly issue a decision in accordance with the Disputes clause.

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(j) *Termination.* If this contract is terminated before the total final price is established, prices of supplies or services subject to price revision shall be established in accordance with this clause for (1) completed supplies and services accepted by the Government and (2) those supplies and services not terminated under a partial termination. All other elements of the termination shall be resolved in accordance with other applicable clauses of this contract.

(k) *Equitable adjustment under other clauses.* If an equitable adjustment in the contract price is made under any other clause of this contract before the total final price is established, the adjustment shall be made in the total target cost and may be made in the maximum dollar limit on the total final price, the total target profit, or both. If the adjustment is made after the total final price is established, only the total final price shall be adjusted.

(l) *Exclusion from target price and total final price.* If any clause of this contract provides that the contract price does not or will not include an amount for a specific purpose, then neither any target price nor the total final price includes or will include any amount for that purpose.

(m) *Separate reimbursement.* If any clause of this contract expressly provides that the cost of performance of an obligation shall be at Government expense, that expense shall not be included in any target price or in the total final price, but shall be reimbursed separately.

(n) *Taxes.* As used in the Federal, State, and Local Taxes clause or in any other clause that provides for certain taxes or duties to be included in, or excluded from, the contract price, the term "contract price" includes the total target price or, if it has been established, the total final price. When any of these clauses requires that the contract price be increased or decreased as a result of changes in the obligation of the Contractor to pay or bear the burden of certain taxes or duties, the increase or decrease shall be made in the total target price or, if it has been established, in the total final price, so that it will not affect the Contractor's profit or loss on this contract.

(End of clause)

52.216-16 INCENTIVE PRICE REVISION—FIRM TARGET - ALTERNATE I (APR 1984)

(Applicable to incentive fee Purchase Orders and the contract calls for supplies or services to be ordered under a provisioning document or Government option and the prices are to be subject to the incentive price revision under the clause. Applies to Commercial Non-Commercial procurements.)

(a) *General.* The supplies or services identified in the Schedule as Items _____ [*Contracting Officer insert Schedule line item numbers*] are subject to price revision in accordance with this clause; provided, that in no event shall the total final price of these items exceed the ceiling price of _____ dollars (\$_____). Any supplies or services that are to be (1) ordered separately under, or otherwise added to, this

contract and (2) subject to price revision in accordance with the terms of this clause shall be identified as such in a modification to this contract.

(b) *Definition.* "Costs," as used in this clause, means allowable costs in accordance with [Part 31](#) of the Federal Acquisition Regulation (FAR) in effect on the date of this contract.

(c) Data submission.

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(1) Within _____ [*Contracting Officer insert number of days*] days after the end of the month in which the Contractor has delivered the last unit of supplies and completed the services specified by item number in paragraph (a) of this clause, the Contractor shall submit in the format of [Table 15-2](#), FAR [15.408](#), or in any other form on which the parties agree—

(i) A detailed statement of all costs incurred up to the end of that month in performing all work under the items;

(ii) An estimate of costs of further performance, if any, that may be necessary to complete performance of all work under the items;

(iii) A list of all residual inventory and an estimate of its value; and

(iv) Any other relevant data that the Contracting Officer may reasonably require.

(2) If the Contractor fails to submit the data required by paragraph (c)(1) of this clause within the time specified and it is later determined that the Government has overpaid the Contractor, the Contractor shall repay the excess to the Government immediately. Unless repaid within 30 days after the end of the data submittal period, the amount of the excess shall bear interest, computed from the date the data were due to the date of repayment, at the rate established in accordance with the Interest clause.

(d) *Price revision.* Upon the Contracting Officer's receipt of the data required by paragraph (c) of this clause, the Contracting Officer and the Contractor shall promptly establish the total final price of the items specified in (a) of this clause by applying to final negotiated cost an adjustment for profit or loss, as follows:

(1) On the basis of the information required by paragraph (c) of this clause, together with any other pertinent information, the parties shall negotiate the total final cost incurred or to be incurred for supplies delivered (or services performed) and accepted by the Government and which are subject to price revision under this clause.

(2) The total final price shall be established by applying to the total final negotiated cost an adjustment for profit or loss, as follows:

(i) If the total final negotiated cost is equal to the total target cost, the adjustment is the total target profit.

(ii) If the total final negotiated cost is greater than the total target cost, the adjustment is the total target profit, less _____ [*Contracting Officer insert percent*] percent of the amount by which the total final negotiated cost exceeds the total target cost.

(iii) If the final negotiated cost is less than the total target cost, the adjustment is the total target profit plus _____ [*Contracting Officer insert percent*] percent of the amount by which the total final negotiated cost is less than the total target cost.

(e) *Contract modification.* The total final price of the items specified in paragraph (a) of this clause shall be evidenced by a modification to this contract, signed by the Contractor and the Contracting Officer. This price

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shall not be subject to revision, notwithstanding any changes in the cost of performing the contract, except to the extent that—

(1) The parties may agree in writing, before the determination of total final price, to exclude specific elements of cost from this price and to a procedure for subsequent disposition of those elements; and

(2) Adjustments or credits are explicitly permitted or required by this or any other clause in this contract.

(f) Adjusting billing prices.

(1) Pending execution of the contract modification (see paragraph (e) of this clause), the Contractor shall submit invoices or vouchers in accordance with billing prices as provided in this paragraph. The billing prices shall be the target prices shown in this contract.

(2) If at any time it appears from information provided by the contractor under paragraph (g)(2) of this clause that the then-current billing prices will be substantially greater than the estimated final prices, the parties shall negotiate a reduction in the billing prices. Similarly, the parties may negotiate an increase in billing prices by any or all of the difference between the target prices and the ceiling price, upon the Contractor's submission of factual data showing that final cost under this contract will be substantially greater than the target cost.

(3) Any billing price adjustment shall be reflected in a contract modification and shall not affect the determination of the total final price under paragraph (d) of this clause. After the contract modification establishing the total final price is executed, the total amount paid or to be paid on all invoices or vouchers shall be adjusted to reflect the total final price, and any resulting additional payments, refunds, or credits shall be made promptly.

(g) *Quarterly limitation on payments statement.* This paragraph (g) shall apply until final price revision under this contract has been completed.

(1) Within 45 days after the end of each quarter of the Contractor's fiscal year in which a delivery is first made (or services are first performed) and accepted by the Government under this contract, and for each quarter thereafter, the Contractor shall submit to the contract administration office (with a copy to the contracting office and the cognizant contract auditor) a statement, cumulative from the beginning of the contract, showing—

(i) The total contract price of all supplies delivered (or services performed) and accepted by the Government and for which final prices have been established;

(ii) The total costs (estimated to the extent necessary) reasonably incurred for, and properly allocable solely to, the supplies delivered (or services performed) and accepted by the Government and for which final prices have not been established;

(iii) The portion of the total target profit (used in establishing the initial contract price or agreed to for the purpose of this paragraph (g)) that is in direct proportion to the supplies delivered (or services performed) and accepted by the Government and for which final prices have not been established—

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increased or decreased in accordance with paragraph (d)(2) of this clause, when the amount stated under subdivision (g)(1)(ii) of this clause differs from the aggregate target costs of the supplies or services; and

(iv) The total amount of all invoices or vouchers for supplies delivered (or services performed) and accepted by the Government (including amounts applied or to be applied to liquidate progress payments).

(2) Notwithstanding any provision of this contract authorizing greater payments, if on any quarterly statement the amount under subdivision (g)(1)(iv) of this clause exceeds the sum due the Contractor, as computed in accordance with subdivisions (g)(1)(i), (ii), and (iii) of this clause, the Contractor shall immediately refund or credit to the Government the amount of this excess. The Contractor may, when appropriate, reduce this refund or credit by the amount of any applicable tax credits due the Contractor under [26 U.S.C. 1481](#) and by the amount of previous refunds or credits effected under this clause. If any portion of the excess has been applied to the liquidation of progress payments, then that portion may, instead of being refunded, be added to the unliquidated progress payment account consistent with the Progress Payments clause. The Contractor shall provide complete details to support any claimed reductions in refunds.

(3) If the Contractor fails to submit the quarterly statement within 45 days after the end of each quarter and it is later determined that the Government has overpaid the Contractor, the Contractor shall repay the excess to the Government immediately. Unless repaid within 30 days after the end of the statement submittal period, the amount of the excess shall bear interest, computed from the date the quarterly statement was due to the date of repayment, at the rate established in accordance with the Interest clause.

(h) *Subcontracts*. No subcontract placed under this contract may provide for payment on a cost-plus-a-percentage-of-cost basis.

(i) *Disagreements*. If the Contractor and the Contracting Officer fail to agree upon the total final price within 60 days (or within such other period as the Contracting Officer may specify) after the date on which the data required by paragraph (c) of this clause are to be submitted, the Contracting Officer shall promptly issue a decision in accordance with the Disputes clause.

(j) *Termination*. If this contract is terminated before the total final price is established, prices of supplies or services subject to price revision shall be established in accordance with this clause for (1) completed supplies and services accepted by the Government and (2) those supplies and services not terminated under a partial termination. All other elements of the termination shall be resolved in accordance with other applicable clauses of this contract.

(k) *Equitable adjustment under other clauses*. If an equitable adjustment in the contract price is made under any other clause of this contract before the total final price is established, the adjustment shall be made in the total target cost and may be made in the maximum dollar limit on the total final price, the total target profit, or both. If the adjustment is made after the total final price is established, only the total final price shall be adjusted.

(l) *Exclusion from target price and total final price*. If any clause of this contract provides that the contract price does not or will not include an amount for a specific purpose, then neither any target price nor the total final price includes or will include any amount for that purpose.

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(m) *Separate reimbursement.* If any clause of this contract expressly provides that the cost of performance of an obligation shall be at Government expense, that expense shall not be included in any target price or in the total final price, but shall be reimbursed separately.

(n) *Taxes.* As used in the Federal, State, and Local Taxes clause or in any other clause that provides for certain taxes or duties to be included in, or excluded from, the contract price, the term “contract price” includes the total target price or, if it has been established, the total final price. When any of these clauses requires that the contract price be increased or decreased as a result of changes in the obligation of the Contractor to pay or bear the burden of certain taxes or duties, the increase or decrease shall be made in the total target price or, if it has been established, in the total final price, so that it will not affect the Contractor’s profit or loss on this contract.

(o) *Provisioning and options.* Parts, other supplies, or services that are to be furnished under this contract on the basis of a provisioning document or Government option shall be subject to price revision in accordance with this clause. Any prices established for these parts, other supplies, or services under a provisioning document or Government option shall be treated as target prices. Target cost and profit covering these parts, other supplies, or services may be established separately, in the aggregate, or in any combination, as the parties may agree.

(End of clause)

52.216-17 - INCENTIVE PRICE REVISION - SUCCESSIVE TARGETS (OCT 1997)

(Applicable to incentive fee Purchase Orders. Applies to Commercial Non-Commercial procurements.)

(a) General. The supplies or services identified in the Schedule as Items ___ [Contracting Officer insert line item numbers] are subject to price revision in accordance with this clause; provided, that in no event shall the total final price of these items exceed the ceiling price of ___ dollars (\$___). The prices of these items shown in the Schedule are the initial target prices, which include an initial target profit of ___ [Contracting Officer insert percent] percent of the initial target cost. Any supplies or services that are to be (1) ordered separately under, or otherwise added to, this contract and (2) subject to price revision in accordance with this clause shall be identified as such in a modification to this contract.

(b) Definition. Costs, as used in this clause, means allowable costs in accordance with part 31 of the Federal Acquisition Regulation (FAR) in effect on the date of this contract.

(c) Submitting data for establishing the firm fixed price or a final profit adjustment formula.

(1) Within ___ [Contracting Officer insert number of days] days after the end of the month in which the Contractor has completed ___ [see Note 1], the Contractor shall submit the following data:

(i) A proposed firm fixed price or total firm target price for supplies delivered and to be delivered and services performed and to be performed.

(ii) A detailed statement of all costs incurred in the performance of this contract through the end of the month specified above, in the format of Table 15-2, FAR 15.408 (or in any other form on which the parties may agree), with sufficient supporting data to disclose unit costs and cost trends for -

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(A) Supplies delivered and services performed; and

(B) Inventories of work in process and undelivered contract supplies on hand (estimated to the extent necessary).

(iii) An estimate of costs of all supplies delivered and to be delivered and all services performed and to be performed under this contract, using the statement of costs incurred plus an estimate of costs to complete performance, in the format of table 15-2, FAR 15.408 (or in any other form on which the parties may agree), together with -

(A) Sufficient data to support the accuracy and reliability of the estimate; and

(B) An explanation of the differences between this estimate and the original estimate used to establish the initial target prices.

(2) The Contractor shall also submit, to the extent that it becomes available before negotiations establishing the total firm price are concluded -

(i) Supplemental statements of costs incurred after the end of the month specified in subparagraph (1) above for -

(A) Supplies delivered and services performed; and

(B) Inventories of work in process and undelivered contract supplies on hand (estimated to the extent necessary); and

(ii) Any other relevant data that the Contracting Officer may reasonably require.

(3) If the Contractor fails to submit the data required by subparagraphs (1) and (2) above within the time specified and it is later determined that the Government has overpaid the Contractor, the Contractor shall repay the excess to the Government immediately. Unless repaid within 30 days after the end of the data submittal period, the amount of the excess shall bear interest, computed from the date the data were due to the date of repayment, at the rate established in accordance with the Interest clause.

(d) Establishing firm fixed price or final profit adjustment formula. Upon the Contracting Officer's receipt of the data required by paragraph (c) above the Contracting Officer and the Contractor shall promptly establish either a firm fixed price or a profit adjustment formula for determining final profit, as follows:

(1) The parties shall negotiate a total firm target cost, based upon the data submitted under paragraph (c) above.

(2) If the total firm target cost is more than the total initial target cost, the total initial target profit shall be decreased. If the total firm target cost is less than the total initial target cost, the total initial target profit shall be increased. The initial target profit shall be increased or decreased by ___ percent [see Note 2] of the difference between the total initial target cost and the total firm target cost. The resulting amount shall be the total firm target profit; provided, that in no event shall the total firm target profit be less than ___ percent or more than ___ percent [Contracting Officer insert percents] of the total initial target cost.

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(3) If the total firm target cost plus the total firm target profit represent a reasonable price for performing that part of the contract subject to price revision under this clause, the parties may agree on a firm fixed price, which shall be evidenced by a contract modification signed by the Contractor and the Contracting Officer.

(4) Failure of the parties to agree to a firm fixed price shall not constitute a dispute under the Disputes clause. If agreement is not reached, or if establishment of a firm fixed price is inappropriate, the Contractor and the Contracting Officer shall establish a profit adjustment formula under which the total final price shall be established by applying to the total final negotiated cost an adjustment for profit or loss, determined as follows:

(i) If the total final negotiated cost is equal to the total firm target cost, the adjustment is the total firm target profit.

(ii) If the total final negotiated cost is greater than the total firm target cost, the adjustment is the total firm target profit, less ___ percent of the amount by which the total final negotiated cost exceeds the total firm target cost.

(iii) If the total final negotiated cost is less than the total firm target cost, the adjustment is the total firm target profit, plus ___ percent of the amount by which the total final negotiated cost is less than the total firm target cost.

(iv) The total firm target cost, total firm target profit, and the profit adjustment formula for determining final profit shall be evidenced by a modification to this contract signed by the Contractor and the Contracting Officer.

(e) Submitting data for final price revision. Unless a firm fixed price has been established in accordance with paragraph (d) of this section within ___ [Contracting Officer insert number of days] days after the end of the month in which the Contractor has delivered the last unit of supplies and completed the services specified by item number in paragraph (a) of this section, the Contractor shall submit in the format of table 15-2, FAR 15.408 (or in any other form on which the parties agree) -

(1) A detailed statement of all costs incurred up to the end of that month in performing all work under the items;

(2) An estimate of costs of further performance, if any, that may be necessary to complete performance of all work under the items;

(3) A list of all residual inventory and an estimate of its value; and

(4) Any other relevant data that the Contracting Officer may reasonably require.

(f) Final price revision. Unless a firm fixed price has been agreed to in accordance with paragraph (d) above, the Contractor and the Contracting Officer shall, promptly after submission of the data required by paragraph (e) above, establish the total final price, as follows:

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(1) On the basis of the information required by paragraph (e) above, together with any other pertinent information, the parties shall negotiate the total final cost incurred or to be incurred for the supplies delivered (or services performed) and accepted by the Government and which are subject to price revision under this clause.

(2) The total final price shall be established by applying to the total final negotiated cost an adjustment for final profit or loss determined as agreed upon under subparagraph (d)(4) above.

(g) Contract modification. The total final price of the items specified in paragraph (a) above shall be evidenced by a modification to this contract, signed by the Contractor and the Contracting Officer. This price shall not be subject to revision, notwithstanding any changes in the cost of performing the contract, except to the extent that -

(1) The parties may agree in writing, before the determination of total final price, to exclude specific elements of cost from this price and to a procedure for subsequent disposition of these elements; and

(2) Adjustments or credits are explicitly permitted or required by this or any other clause in this contract.

(h) Adjustment of billing prices.

(1) Pending execution of the contract modification (see paragraph (e) above), the Contractor shall submit invoices or vouchers in accordance with billing prices as provided in this paragraph. The billing prices shall be the initial target prices shown in this contract until firm target prices are established under paragraph (d) above. When established, the firm target prices shall be used as the billing prices.

(2) If at any time it appears from information provided by the contractor under subparagraph (i)(1) below that the then-current billing prices will be substantially greater than the estimated final prices, the parties shall negotiate a reduction in the billing prices. Similarly, the parties may negotiate an increase in billing prices by any or all of the difference between the target prices and the ceiling price, upon the Contractor's submission of factual data showing that the final cost under this contract will be substantially greater than the target cost.

(3) Any adjustment of billing prices shall be reflected in a contract modification and shall not affect the determination of any price under paragraph (d) or (f) above. After the contract modification establishing the total final price is executed, the total amount paid or to be paid on all invoices or vouchers shall be adjusted to reflect the total final price, and any resulting additional payments, refunds, or credits shall be made promptly.

(i) Quarterly limitation on payments statement. This paragraph (i) shall apply until a firm fixed price or a total final price is established under subparagraph (d)(3) or (f)(2).

(1) Within 45 days after the end of each quarter of the Contractor's fiscal year in which a delivery is first made (or services are first performed) and accepted by the Government under this contract, and for each quarter thereafter, the Contractor shall submit to the contract administration office (with a copy to the contracting office and the cognizant contract auditor) a statement, cumulative from the beginning of the contract, showing -

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- (i) The total contract price of all supplies delivered (or services performed) and accepted by the Government and for which final prices have been established;
 - (ii) The total cost (estimated to the extent necessary) reasonably incurred for, and properly allocable solely to, the supplies delivered (or services performed) and accepted by the Government and for which final prices have not been established;
 - (iii) The portion of the total interim profit (used in establishing the initial contract price or agreed to for the purpose of this paragraph (i)) that is in direct proportion to the supplies delivered (or services performed) and accepted by the Government and for which final prices have not been established - increased or decreased in accordance with subparagraph (d)(4) above when the amount stated under subdivision (ii), immediately above, differs from the aggregate firm target costs of the supplies or services; and
 - (iv) The total amount of all invoices or vouchers for supplies delivered (or services performed) and accepted by the Government (including amounts applied or to be applied to liquidate progress payments).
- (2) Notwithstanding any provision of this contract authorizing greater payments, if on any quarterly statement the amount under subdivision (1)(iv) above exceeds the sum due the Contractor, as computed in accordance with subdivisions (1)(i), (ii), and (iii) above, the Contractor shall immediately refund or credit to the Government the amount of this excess. The Contractor may, when appropriate, reduce this refund or credit by the amount of any applicable tax credits due the Contractor under 26 U.S.C. 1481 and by the amount of previous refunds or credits effected under this clause. If any portion of the excess has been applied to the liquidation of progress payments, then that portion may, instead of being refunded, be added to the unliquidated progress payment account consistent with the Progress Payments clause. The Contractor shall provide complete details to support any claimed reductions in refunds.
- (3) If the Contractor fails to submit the quarterly statement within 45 days after the end of each quarter and it is later determined that the Government has overpaid the Contractor, the Contractor shall repay the excess to the Government immediately. Unless repaid within 30 days after the end of the statement submittal period, the amount of the excess shall bear interest, computed from the date the quarterly statement was due to the date of repayment, at the rate established in accordance with the Interest clause.
- (j) Subcontracts. No subcontract placed under this contract may provide for payment on a cost-plus-a-percentage-of-cost basis.
- (k) Disagreements. If the Contractor and the Contracting Officer fail to agree upon (1) a total firm target cost and a final profit adjustment formula or (2) a total final price, within 60 days (or within such other period as the Contracting Officer may specify) after the date on which the data required in paragraphs (c) and (e) above are to be submitted, the Contracting Officer shall promptly issue a decision in accordance with the Disputes clause.
- (l) Termination. If this contract is terminated before the total final price is established, prices of supplies or services subject to price revision shall be established in accordance with this clause for (1) completed supplies and services accepted by the Government and (2) those supplies or services not terminated under a partial termination. All other elements of the termination shall be resolved in accordance with other applicable clauses of this contract.

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(m) Equitable adjustments under other clauses. If an equitable adjustment in the contract price is made under any other clause of this contract before the total final price is established, the adjustment shall be made in the total target cost and may be made in the maximum dollar limit on the total final price, the total target profit, or both. If the adjustment is made after the total final price is established, only the total final price shall be adjusted.

(n) Exclusion from target price and total final price. If any clause of this contract provides that the contract price does not or will not include an amount for a specific purpose, then neither any target price nor the total final price includes or will include any amount for that purpose.

(o) Separate reimbursement. If any clause of this contract expressly provides that the cost of performance of an obligation shall be at Government expense, that expense shall not be included in any target price or in the total final price, but shall be reimbursed separately.

(p) Taxes. As used in the Federal, State, and Local Taxes clause or in any other clause that provides for certain taxes or duties to be included in, or excluded from, the contract price, the term contract price includes the total target price or, if it has been established, the total final price. When any of these clauses requires that the contract price be increased or decreased as a result of changes in the obligation of the Contractor to pay or bear the burden of certain taxes or duties, the increase or decrease shall be made in the total target price or, if it has been established, in the total final price, so that it will not affect the Contractor's profit or loss on this contract.

(End of clause)

52.223-7 NOTICE OF RADIOACTIVE MATERIALS (JAN 1997)

(Applicable to all Purchase Orders. Seller shall notify Buyer if any goods under this Purchase Order contain any of the material as described in the clause. Insert 45 days in the blank in paragraph (a) of the clause unless otherwise indicated in the Purchase Order. Applies to Commercial Non-Commercial procurements.)

(a) The Contractor shall notify the Contracting Officer or designee, in writing, _____ * days prior to the delivery of, or prior to completion of any servicing required by this contract of, items containing either (1) radioactive material requiring specific licensing under the regulations issued pursuant to the Atomic Energy Act of 1954, as amended, as set forth in title 10 of the Code of Federal Regulations, in effect on the date of this contract, or (2) other radioactive material not requiring specific licensing in which the specific activity is greater than 0.002 microcuries per gram or the activity per item equals or exceeds 0.01 microcuries. Such notice shall specify the part or parts of the items which contain radioactive materials, a description of the materials, the name and activity of the isotope, the manufacturer of the materials, and any other information known to the Contractor which will put users of the items on notice as to the hazards involved (OMB No. 9000-0107).

* The Contracting Officer shall insert the number of days required in advance of delivery of the item or completion of the servicing to assure that required licenses are obtained and appropriate personnel are notified to institute any necessary safety and health precautions. See FAR 23.601(d).

(b) If there has been no change affecting the quantity of activity, or the characteristics and composition of the radioactive material from deliveries under this contract or prior contracts, the Contractor may request that the Contracting Officer or designee waive the notice requirement in paragraph (a) of this clause. Any such request shall-

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- (1) Be submitted in writing;
 - (2) State that the quantity of activity, characteristics, and composition of the radioactive material have not changed; and
 - (3) Cite the contract number on which the prior notification was submitted and the contracting office to which it was submitted.
- (c) All items, parts, or subassemblies which contain radioactive materials in which the specific activity is greater than 0.002 microcuries per gram or activity per item equals or exceeds 0.01 microcuries, and all containers in which such items, parts or subassemblies are delivered to the Government shall be clearly marked and labeled as required by the latest revision of MIL-STD 129 in effect on the date of the contract.
- (d) This clause, including this paragraph (d), shall be inserted in all subcontracts for radioactive materials meeting the criteria in paragraph (a) of this clause.
(End of clause)

52.246-11 HIGHER-LEVEL CONTRACT QUALITY REQUIREMENT (DEC 2014)

(Applicable to all Purchase Orders for critical and complex items (see FAR 46.203(b) and (c)); or (2) When the technical requirements of a Purchase Order require-- (i) Control of such things as design, work operations, in-process control, testing, and inspection; or (ii) Attention to such factors as organization, planning, work instructions, documentation control, and advanced metrology. Applies to Commercial Non-Commercial procurements.)

- (a) The Contractor shall comply with the higher-level quality standard(s) listed below.

_____ [Contracting Officer insert the title, number (if any), date, and tailoring (if any) of the higher-level quality standards.]

(b) The Contractor shall include applicable requirements of the higher-level quality standard(s) listed in paragraph (a) of this clause and the requirement to flow down such standards, as applicable, to lower-tier subcontracts, in—

- (1) Any subcontract for critical and complex items (see 46.203(b) and (c)); or
 - (2) When the technical requirements of a subcontract require—
 - (i) Control of such things as design, work operations, in-process control, testing, and inspection; or
 - (ii) Attention to such factors as organization, planning, work instructions, documentation control, and advanced metrology.
- (End of clause)

52.248-1 VALUE ENGINEERING (OCT 2010)

(Applicable to Purchase Orders over \$150,000. Applies to Commercial Non-Commercial procurements.

(a) *General.* The Contractor is encouraged to develop, prepare, and submit value engineering change proposals (VECP's) voluntarily. The Contractor shall share in any net acquisition savings realized from accepted VECP's, in accordance with the incentive sharing rates in paragraph (f) of this clause.

(b) *Definitions.*

"Acquisition savings," as used in this clause, means savings resulting from the application of a VECP to contracts awarded by the same contracting office or its successor for essentially the same unit. Acquisition savings include—

(1) Instant contract savings, which are the net cost reductions on this, the instant contract, and which are equal to the instant unit cost reduction multiplied by the number of instant contract units affected by the VECP, less the Contractor's allowable development and implementation costs;

(2) Concurrent contract savings, which are net reductions in the prices of other contracts that are definitized and ongoing at the time the VECP is accepted; and

(3) Future contract savings, which are the product of the future unit cost reduction multiplied by the number of future contract units in the sharing base. On an instant contract, future contract savings include savings on increases in quantities after VECP acceptance that are due to contract modifications, exercise of options, additional orders, and funding of subsequent year requirements on a multiyear contract.

"Collateral savings," as used in this clause, means those measurable net reductions resulting from a VECP in the agency's overall projected collateral costs, exclusive of acquisition savings, whether or not the acquisition cost changes.

"Contracting office" includes any contracting office that the acquisition is transferred to, such as another branch of the agency or another agency's office that is performing a joint acquisition action.

"Contractor's development and implementation costs," as used in this clause, means those costs the Contractor incurs on a VECP specifically in developing, testing, preparing, and submitting the VECP, as well as those costs the Contractor incurs to make the contractual changes required by Government acceptance of a VECP.

"Future unit cost reduction," as used in this clause, means the instant unit cost reduction adjusted as the Contracting Officer considers necessary for projected learning or changes in quantity during the sharing period. It is calculated at the time the VECP is accepted and applies either—

(1) Throughout the sharing period, unless the Contracting Officer decides that recalculation is necessary because conditions are significantly different from those previously anticipated; or

(2) To the calculation of a lump-sum payment, which cannot later be revised.

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“Government costs,” as used in this clause, means those agency costs that result directly from developing and implementing the VECP, such as any net increases in the cost of testing, operations, maintenance, and logistics support. The term does not include the normal administrative costs of processing the VECP or any increase in this contract’s cost or price resulting from negative instant contract savings.

“Instant contract,” as used in this clause, means this contract, under which the VECP is submitted. It does not include increases in quantities after acceptance of the VECP that are due to contract modifications, exercise of options, or additional orders. If this is a multiyear contract, the term does not include quantities funded after VECP acceptance. If this contract is a fixed-price contract with prospective price redetermination, the term refers to the period for which firm prices have been established.

“Instant unit cost reduction” means the amount of the decrease in unit cost of performance (without deducting any Contractor’s development or implementation costs) resulting from using the VECP on this, the instant contract. If this is a service contract, the instant unit cost reduction is normally equal to the number of hours per line-item task saved by using the VECP on this contract, multiplied by the appropriate contract labor rate.

“Negative instant contract savings” means the increase in the cost or price of this contract when the acceptance of a VECP results in an excess of the Contractor’s allowable development and implementation costs over the product of the instant unit cost reduction multiplied by the number of instant contract units affected.

“Net acquisition savings” means total acquisition savings, including instant, concurrent, and future contract savings, less Government costs.

“Sharing base,” as used in this clause, means the number of affected end items on contracts of the contracting office accepting the VECP.

“Sharing period,” as used in this clause, means the period beginning with acceptance of the first unit incorporating the VECP and ending at a calendar date or event determined by the contracting officer for each VECP.

“Unit,” as used in this clause, means the item or task to which the Contracting Officer and the Contractor agree the VECP applies.

“Value engineering change proposal (VECP)” means a proposal that—

- (1) Requires a change to this, the instant contract, to implement; and
- (2) Results in reducing the overall projected cost to the agency without impairing essential functions or characteristics; *provided*, that it does not involve a change—
 - (i) In deliverable end item quantities only;
 - (ii) In research and development (R&D) end items or R&D test quantities that is due solely to results of previous testing under this contract; or

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(iii) To the contract type only.

(c) *VECP preparation.* As a minimum, the Contractor shall include in each VECP the information described in paragraphs (c)(1) through (8) of this clause. If the proposed change is affected by contractually required configuration management or similar procedures, the instructions in those procedures relating to format, identification, and priority assignment shall govern VECP preparation. The VECP shall include the following:

(1) A description of the difference between the existing contract requirement and the proposed requirement, the comparative advantages and disadvantages of each, a justification when an item's function or characteristics are being altered, the effect of the change on the end item's performance, and any pertinent objective test data.

(2) A list and analysis of the contract requirements that must be changed if the VECP is accepted, including any suggested specification revisions.

(3) Identification of the unit to which the VECP applies.

(4) A separate, detailed cost estimate for (i) the affected portions of the existing contract requirement and (ii) the VECP. The cost reduction associated with the VECP shall take into account the Contractor's allowable development and implementation costs, including any amount attributable to subcontracts under the Subcontracts paragraph of this clause.

(5) A description and estimate of costs the Government may incur in implementing the VECP, such as test and evaluation and operating and support costs.

(6) A prediction of any effects the proposed change would have on collateral costs to the agency.

(7) A statement of the time by which a contract modification accepting the VECP must be issued in order to achieve the maximum cost reduction, noting any effect on the contract completion time or delivery schedule.

(8) Identification of any previous submissions of the VECP, including the dates submitted, the agencies and contract numbers involved, and previous Government actions, if known.

(d) *Submission.* The Contractor shall submit VECP's to the Contracting Officer, unless this contract states otherwise. If this contract is administered by other than the contracting office, the Contractor shall submit a copy of the VECP simultaneously to the Contracting Officer and to the Administrative Contracting Officer.

(e) Government action.

(1) The Contracting Officer will notify the Contractor of the status of the VECP within 45 calendar days after the contracting office receives it. If additional time is required, the Contracting Officer will notify the Contractor within the 45-day period and provide the reason for the delay and the expected date of the decision. The Government will process VECP's expeditiously; however, it will not be liable for any delay in acting upon a VECP.

(2) If the VECP is not accepted, the Contracting Officer will notify the Contractor in writing, explaining the reasons for rejection. The Contractor may withdraw any VECP, in whole or in part, at any time before it is

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accepted by the Government. The Contracting Officer may require that the Contractor provide written notification before undertaking significant expenditures for VECP effort.

(3) Any VECP may be accepted, in whole or in part, by the Contracting Officer’s award of a modification to this contract citing this clause and made either before or within a reasonable time after contract performance is completed. Until such a contract modification applies a VECP to this contract, the Contractor shall perform in accordance with the existing contract. The decision to accept or reject all or part of any VECP is a unilateral decision made solely at the discretion of the Contracting Officer.

(f) *Sharing rates.* If a VECP is accepted, the Contractor shall share in net acquisition savings according to the percentages shown in the table below. The percentage paid the Contractor depends upon—

- (1) This contract’s type (fixed-price, incentive, or cost-reimbursement);
- (2) The sharing arrangement specified in paragraph (a) of this clause (incentive, program requirement, or a combination as delineated in the Schedule); and
- (3) The source of the savings (the instant contract, or concurrent and future contracts), as follows:

Contractor’s Share of Net Acquisition Savings (Figure in Percent)				
Contract Type	Incentive (Voluntary)		Program Requirement (Mandatory)	
	Instant Contract Rate	Concurrent and Future Contract Rate	Instant Contract Rate	Concurrent and Future Contract Rate
Fixed-price (includes fixed-price-award-fee; excludes other fixed-price incentive contracts)	*50	*50	25	25
Incentive (fixed-price or cost) (other than award fee)	(**)	*50	(**)	25
Cost-reimbursement (includes cost-plus-award-fee; excludes other cost-type incentive contracts)	***25	***25	15	15
<p>* The Contracting Office may increase the Contractor’s sharing rate to as high as 75 percent for each VECP. ** Same sharing arrangement as the contract’s profit or fee adjustment formula. *** The Contracting Office may increase the Contractor’s sharing rate to as high as 50 percent for each VECP.</p>				

(g) Calculating net acquisition savings.

(1) Acquisition savings are realized when (i) the cost or price is reduced on the instant contract, (ii) reductions are negotiated in concurrent contracts, (iii) future contracts are awarded, or (iv) agreement is reached on a lump-sum payment for future contract savings (see paragraph (i)(4) of this clause). Net acquisition savings are first realized, and the Contractor shall be paid a share, when Government costs and any negative instant contract savings have been fully offset against acquisition savings.

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(2) Except in incentive contracts, Government costs and any price or cost increases resulting from negative instant contract savings shall be offset against acquisition savings each time such savings are realized until they are fully offset. Then, the Contractor's share is calculated by multiplying net acquisition savings by the appropriate Contractor's percentage sharing rate (see paragraph (f) of this clause). Additional Contractor shares of net acquisition savings shall be paid to the Contractor at the time realized.

(3) If this is an incentive contract, recovery of Government costs on the instant contract shall be deferred and offset against concurrent and future contract savings. The Contractor shall share through the contract incentive structure in savings on the instant contract items affected. Any negative instant contract savings shall be added to the target cost or to the target price and ceiling price, and the amount shall be offset against concurrent and future contract savings.

(4) If the Government does not receive and accept all items on which it paid the Contractor's share, the Contractor shall reimburse the Government for the proportionate share of these payments.

(h) *Contract adjustment.* The modification accepting the VECP (or a subsequent modification issued as soon as possible after any negotiations are completed) shall—

(1) Reduce the contract price or estimated cost by the amount of instant contract savings, unless this is an incentive contract;

(2) When the amount of instant contract savings is negative, increase the contract price, target price and ceiling price, target cost, or estimated cost by that amount;

(3) Specify the Contractor's dollar share per unit on future contracts, or provide the lump-sum payment;

(4) Specify the amount of any Government costs or negative instant contract savings to be offset in determining net acquisition savings realized from concurrent or future contract savings; and

(5) Provide the Contractor's share of any net acquisition savings under the instant contract in accordance with the following:

(i) Fixed-price contracts—add to contract price.

(ii) Cost-reimbursement contracts—add to contract fee.

(i) Concurrent and future contract savings.

(1) Payments of the Contractor's share of concurrent and future contract savings shall be made by a modification to the instant contract in accordance with paragraph (h)(5) of this clause. For incentive contracts, shares shall be added as a separate firm-fixed-price line item on the instant contract. The Contractor shall maintain records adequate to identify the first delivered unit for 3 years after final payment under this contract.

(2) The Contracting Officer shall calculate the Contractor's share of concurrent contract savings by—

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(i) Subtracting from the reduction in price negotiated on the concurrent contract any Government costs or negative instant contract savings not yet offset; and

(ii) Multiplying the result by the Contractor's sharing rate.

(3) The Contracting Officer shall calculate the Contractor's share of future contract savings by—

(i) Multiplying the future unit cost reduction by the number of future contract units scheduled for delivery during the sharing period;

(ii) Subtracting any Government costs or negative instant contract savings not yet offset; and

(iii) Multiplying the result by the Contractor's sharing rate.

(4) When the Government wishes and the Contractor agrees, the Contractor's share of future contract savings may be paid in a single lump sum rather than in a series of payments over time as future contracts are awarded. Under this alternate procedure, the future contract savings may be calculated when the VECP is accepted, on the basis of the Contracting Officer's forecast of the number of units that will be delivered during the sharing period. The Contractor's share shall be included in a modification to this contract (see paragraph (h)(3) of this clause) and shall not be subject to subsequent adjustment.

(5) *Alternate no-cost settlement method.* When, in accordance with subsection [48.104-4](#) of the Federal Acquisition Regulation, the Government and the Contractor mutually agree to use the no-cost settlement method, the following applies:

(i) The Contractor will keep all the savings on the instant contract and on its concurrent contracts only.

(ii) The Government will keep all the savings resulting from concurrent contracts placed on other sources, savings from all future contracts, and all collateral savings.

(j) *Collateral savings.* If a VECP is accepted, the Contracting Officer will increase the instant contract amount, as specified in paragraph (h)(5) of this clause, by a rate from 20 to 100 percent, as determined by the Contracting Officer, of any projected collateral savings determined to be realized in a typical year of use after subtracting any Government costs not previously offset. However, the Contractor's share of collateral savings will not exceed the contract's firm-fixed-price, target price, target cost, or estimated cost, at the time the VECP is accepted, or \$100,000, whichever is greater. The Contracting Officer will be the sole determiner of the amount of collateral savings.

(k) *Relationship to other incentives.* Only those benefits of an accepted VECP not rewardable under performance, design-to-cost (production unit cost, operating and support costs, reliability and maintainability), or similar incentives shall be rewarded under this clause. However, the targets of such incentives affected by the VECP shall not be adjusted because of VECP acceptance. If this contract specifies targets but provides no incentive to surpass them, the value engineering sharing shall apply only to the amount of achievement better than target.

(l) *Subcontracts.* The Contractor shall include an appropriate value engineering clause in any subcontract of \$150,000 or more and may include one in subcontracts of lesser value. In calculating any adjustment in this

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contract's price for instant contract savings (or negative instant contract savings), the Contractor's allowable development and implementation costs shall include any subcontractor's allowable development and implementation costs, and any value engineering incentive payments to a subcontractor, clearly resulting from a VECP accepted by the Government under this contract. The Contractor may choose any arrangement for subcontractor value engineering incentive payments, *provided*, that the payments shall not reduce the Government's share of concurrent or future contract savings or collateral savings.

(m) *Data*. The Contractor may restrict the Government's right to use any part of a VECP or the supporting data by marking the following legend on the affected parts:

These data, furnished under the Value Engineering clause of contract _____, shall not be disclosed outside the Government or duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate a value engineering change proposal submitted under the clause. This restriction does not limit the Government's right to use information contained in these data if it has been obtained or is otherwise available from the Contractor or from another source without limitations.

If a VECP is accepted, the Contractor hereby grants the Government unlimited rights in the VECP and supporting data, except that, with respect to data qualifying and submitted as limited rights technical data, the Government shall have the rights specified in the contract modification implementing the VECP and shall appropriately mark the data. (The terms "unlimited rights" and "limited rights" are defined in [Part 27](#) of the Federal Acquisition Regulation.)

(End of clause)

252.203-7004 DISPLAY OF HOTLINE POSTERS (DEC 2012)

(Applicable to Purchase Orders that exceed \$5 million. Applies to Commercial Non-Commercial procurements.)

(a) Definition. United States, as used in this clause, means the 50 States, the District of Columbia, and outlying areas.

(b) Display of fraud hotline poster(s).

(1) The Contractor shall display prominently in common work areas within business segments performing work in the United States under Department of Defense (DoD) contracts DoD hotline posters prepared by the DoD Office of the Inspector General. DoD hotline posters may be obtained via the Internet at <http://www.dodig.mil/HOTLINE/hotlineposters.htm>.

(2) If the contract is funded, in whole or in part, by Department of Homeland Security (DHS) disaster relief funds, the DHS fraud hotline poster shall be displayed in addition to the DoD fraud hotline poster. If a display of a DHS fraud hotline poster is required, the Contractor may obtain such poster from:

[Contracting Officer shall insert the appropriate DHS contact information or website.]

(3) Additionally, if the Contractor maintains a company website as a method of providing information to employees, the Contractor shall display an electronic version of the poster(s) at the website.

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(c) Subcontracts. The Contractor shall include the substance of this clause, including this paragraph (c), in all subcontracts that exceed \$5 million except when the subcontract—

- (1) Is for the acquisition of a commercial item; or
 - (2) Is performed entirely outside the United States.
- (End of clause)

252.208-7000 INTENT TO FURNISH PRECIOUS METALS AS GOVERNMENT-FURNISHED MATERIAL (DEC 1991)

(Applicable to all Purchase Orders when the item being purchased contains precious metals. Applies to Commercial Non-Commercial procurements.)

(a) The Government intends to furnish precious metals required in the manufacture of items to be delivered under the contract if the Contracting Officer determines it to be in the Government's best interest. The use of Government-furnished silver is mandatory when the quantity required is one hundred troy ounces or more. The precious metal(s) will be furnished pursuant to the Government Furnished Property clause of the contract.

(b) The Offeror shall cite the type (silver, gold, platinum, palladium, iridium, rhodium, and ruthenium) and quantity in whole troy ounces of precious metals required in the performance of this contract (including precious metals required for any first article or production sample), and shall specify the national stock number (NSN) and nomenclature, if known, of the deliverable item requiring precious metals.

<u>Precious Metal*</u>	<u>Quantity</u>	<u>Deliverable Item (NSN and Nomenclature)</u>

*If platinum or palladium, specify whether sponge or granules are required.

(c) Offerors shall submit two prices for each deliverable item which contains precious metals--one based on the Government furnishing precious metals, and one based on the Contractor furnishing precious metals. Award will be made on the basis which is in the best interest of the Government.

(d) The Contractor agrees to insert this clause, including this paragraph (d), in solicitations for subcontracts and purchase orders issued in performance of this contract, unless the Contractor knows that the item being purchased contains no precious metals.
(End of clause)

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252.223-7007 SAFEGUARDING SENSITIVE CONVENTIONAL ARMS, AMMUNITION, AND EXPLOSIVES (SEP 1999)

(Applicable to all Purchase Orders for (i) the development, production, manufacture, or purchase of arms, ammunition, and explosives (AA&E), or (ii) when AA&E will be provided to the Seller as Government-furnished property. Applies to Commercial Non-Commercial procurements.)

(a) Definition. “Arms, ammunition, and explosives (AA&E),” as used in this clause, means those items within the scope (chapter 1, paragraph B) of DoD 5100.76-M, Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives.

(b) The requirements of DoD 5100.76-M apply to the following items of AA&E being developed, produced, manufactured, or purchased for the Government, or provided to the Contractor as Government-furnished property under this contract:

Nomenclature	National stock number	Sensitivity category

(c) The Contractor shall comply with the requirements of DoD 5100.76-M, as specified in the statement of work. The edition of DoD 5100.76-M in effect on the date of issuance of the solicitation for this contract shall apply.

(d) The Contractor shall allow representatives of the Defense Security Service (DSS), and representatives of other appropriate offices of the Government, access at all reasonable times into its facilities and those of its subcontractors, for the purpose of performing surveys, inspections, and investigations necessary to review compliance with the physical security standards applicable to this contract.

(e) The Contractor shall notify the cognizant DSS field office of any subcontract involving AA&E within 10 days after award of the subcontract.

(f) The Contractor shall ensure that the requirements of this clause are included in all subcontracts, at every tier -

- (1) For the development, production, manufacture, or purchase of AA&E; or
- (2) When AA&E will be provided to the subcontractor as Government-furnished property.

(g) Nothing in this clause shall relieve the Contractor of its responsibility for complying with applicable Federal, state, and local laws, ordinances, codes, and regulations (including requirements for obtaining licenses and permits) in connection with the performance of this contract.

(End of clause)

252.225-7010 DUTY-FREE ENTRY--ADDITIONAL PROVISIONS (MAR 1998)

(Applicable to all Purchase orders for qualifying country end products except Purchase Orders for commercially available off-the-shelf items (COTS). Applies to Commercial Non-Commercial procurements.)

(a) The requirements of this clause supplement the Duty-Free Entry clause of this contract. Both of these clauses apply to this contract and subcontracts, including purchase orders, that involve supplies to be accorded duty-free entry whether placed—

(1) Directly with a foreign concern as a prime contract; or

(2) As a subcontractor purchase order under a contract with a domestic concern.

(b) The Contractor shall send the notification required by paragraph (b)(1) of the Duty-Free Entry clause of this contract to the Contracting Officer administering this contract.

(c) In addition to any data required by paragraph (b)(1) of the Duty-Free Entry clause, the Contractor shall furnish the following for all foreign supplies to be imported pursuant to paragraph (a) or (b) of the Duty-Free Entry clause. The Contractor shall furnish this information to the Contracting Officer administering the prime contract immediately upon award of any contract or subcontract involving supplies to be accorded duty-free entry.

(1) Prime contractor's name, address, and CAGE code;

(2) Prime contract number plus delivery order number, if applicable;

(3) Total dollar value of the prime contract or delivery order;

(4) Expiration date of the prime contract or delivery order;

(5) Foreign supplier's name and address;

(6) Number of the subcontract/purchase order for foreign supplies;

(7) Total dollar value of the subcontract for foreign supplies;

(8) Expiration date of the subcontract for foreign supplies;

(9) List of items purchased; and

(10) An agreement by the Contractor that duty shall be paid by the Contractor to the extent that such supplies, or any portion (if not scrap or salvage), are diverted to nongovernmental use other than as a result of a competitive sale made, directed, or authorized by the Contracting Officer.

(d) The Contractor agrees to incorporate the substance of this clause, including this paragraph (d), in any subcontract (including purchase orders) in accordance with paragraph (i) of the Duty-Free Entry clause of this contract. The Contractor agrees that the name and address of the Contracting Officer administering the prime contract (name and address of the contract administration office cognizant of the prime contract and its activity address number (Appendix G of the Defense FAR Supplement)) and

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the information required by paragraphs (c)(1), (2), and (3) of this clause will be included in applicable subcontracts.

(e) To properly complete the shipping document instructions as required by paragraph (f) of the Duty-Free Entry clause, the Contractor shall insert Defense Contract Management Command (DCMC) New York, ATTN: Customs Team, DCMDN-GNIC, 207 New York Avenue, Staten Island, New York, 10305-5013, as the cognizant contract administration office (for paragraph (f) only) in those cases when the shipment is consigned directly to a military installation. When the shipment will be consigned to a location other than a military installation, e.g., a domestic contractor's plant, change the shipping document notation required by paragraph (f) of the clause to insert the name and address of the Contractor, agent or broker that will prepare the customs documentation for execution of the Duty-Free Entry certificates. In either case, the shipping documents will contain the following items in addition to those required by paragraph (f) of the Duty-Free Entry clause:

- (1) Delivery order number on the Government prime contract, if applicable;
- (2) Number of the subcontract/purchase order for foreign supplies, if applicable;
- (3) Activity address number of the contract administration office actually administering the prime contract, e.g., for DCMC Dayton, S3605A.

(f) Except for shipments consigned to a military installation, the Contractor shall prepare, or authorize an agent to prepare, any customs forms required for the entry into the United States, its possessions, or Puerto Rico of foreign supplies in connection with DoD contracts. The Contractor shall submit the completed customs forms to the District Director of Customs with a copy to DCMC New York for execution of any required duty-free entry certificates. For shipments containing both supplies which are to be accorded duty-free entry and supplies which are not, the Contractor shall identify on the customs forms those items which are eligible for duty-free entry under the provisions of the Duty-Free Entry clause. Shipments consigned directly to a military installation will be released in accordance with Section 10.101 and 10.102 of the U.S. Customs regulations.

(g) The Contractor shall ensure that all exterior containers are marked in accordance with paragraph (g) of the Duty-Free Entry clause, including the following additional data—

- (1) "UNITED STATES GOVERNMENT, DEPARTMENT OF DEFENSE;" and
 - (2) The activity address number for the contract administration office actually administering the prime contract.
- (End of clause)

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252.225-7043 ANTITERRORISM/FORCE PROTECTION POLICY FOR DEFENSE CONTRACTORS OUTSIDE THE UNITED STATES (JUN 2015)

(Applicable to all Purchase Orders that require performance or travel outside the U.S., except subcontractors who are a foreign government, a representative of a foreign government, or a foreign corporation wholly owned by a foreign government. Applies to Commercial Non-Commercial procurements.)

(a) Definition. United States, as used in this clause, means, the 50 States, the District of Columbia, and outlying areas.

(b) Except as provided in paragraph (c) of this clause, the Contractor and its subcontractors, if performing or traveling outside the United States under this contract, shall

(1) Affiliate with the Overseas Security Advisory Council, if the Contractor or subcontractor is a U.S. entity;

(2) Ensure that Contractor and subcontractor personnel who are U.S. nationals and are in-country on a non-transitory basis, register with the U.S. Embassy, and that Contractor and subcontractor personnel who are third country nationals comply with any security related requirements of the Embassy of their nationality;

(3) Provide, to Contractor and subcontractor personnel, antiterrorism/force protection awareness information commensurate with that which the Department of Defense (DoD) provides to its military and civilian personnel and their families, to the extent such information can be made available prior to travel outside the United States; and

(4) Obtain and comply with the most current antiterrorism/force protection guidance for Contractor and subcontractor personnel.

(c) The requirements of this clause do not apply to any subcontractor that is:

- (1) A foreign government;
- (2) A representative of a foreign government; or
- (3) A foreign corporation wholly owned by a foreign government.

(d) Information and guidance pertaining to DoD antiterrorism/force protection can be obtained from -1-.
(End of clause)

252.234-7002 EARNED VALUE MANAGEMENT SYSTEM (MAY 2011)

(Applicable only to Purchase Orders when Seller is identified in paragraph (k) of the clause. Applies to Commercial Non-Commercial procurements.)

(a) Definitions. As used in this clause—

“Acceptable earned value management system” means an earned value management system that generally complies with system criteria in paragraph (b) of this clause.

“Earned value management system” means an earned value management system that complies with the earned value management system guidelines in the ANSI/EIA-748.

“Significant deficiency” means a shortcoming in the system that materially affects the ability of officials of the

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Department of Defense to rely upon information produced by the system that is needed for management purposes.

(b) System criteria. In the performance of this contract, the Contractor shall use—

(1) An Earned Value Management System (EVMS) that complies with the EVMS guidelines in the American National Standards Institute/Electronic Industries Alliance Standard 748, Earned Value Management Systems (ANSI/EIA-748); and

(2) Management procedures that provide for generation of timely, reliable, and verifiable information for the Contract Performance Report (CPR) and the Integrated Master Schedule (IMS) required by the CPR and IMS data items of this contract.

(c) If this contract has a value of \$50 million or more, the Contractor shall use an EVMS that has been determined to be acceptable by the Cognizant Federal Agency (CFA). If, at the time of award, the Contractor's EVMS has not been determined by the CFA to be in compliance with the EVMS guidelines as stated in paragraph (b)(1) of this clause, the Contractor shall apply its current system to the contract and shall take necessary actions to meet the milestones in the Contractor's EVMS plan.

(d) If this contract has a value of less than \$50 million, the Government will not make a formal determination that the Contractor's EVMS complies with the EVMS guidelines in ANSI/EIA-748 with respect to the contract. The use of the Contractor's EVMS for this contract does not imply a Government determination of the Contractor's compliance with the EVMS guidelines in ANSI/EIA-748 for application to future contracts. The Government will allow the use of a Contractor's EVMS that has been formally reviewed and determined by the CFA to be in compliance with the EVMS guidelines in ANSI/EIA-748.

(e) The Contractor shall submit notification of any proposed substantive changes to the EVMS procedures and the impact of those changes to the CFA. If this contract has a value of \$50 million or more, unless a waiver is granted by the CFA, any EVMS changes proposed by the Contractor require approval of the CFA prior to implementation. The CFA will advise the Contractor of the acceptability of such changes as soon as practicable (generally within 30 calendar days) after receipt of the Contractor's notice of proposed changes. If the CFA waives the advance approval requirements, the Contractor shall disclose EVMS changes to the CFA at least 14 calendar days prior to the effective date of implementation.

(f) The Government will schedule integrated baseline reviews as early as practicable, and the review process will be conducted not later than 180 calendar days after—

(1) Contract award;

(2) The exercise of significant contract options; and

(3) The incorporation of major modifications.

During such reviews, the Government and the Contractor will jointly assess the Contractor's baseline to be used for performance measurement to ensure complete coverage of the statement of work, logical scheduling of the work activities, adequate resourcing, and identification of inherent risks.

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(g) The Contractor shall provide access to all pertinent records and data requested by the Contracting Officer or duly authorized representative as necessary to permit Government surveillance to ensure that the EVMS complies, and continues to comply, with the performance criteria referenced in paragraph (b) of this clause.

(h) When indicated by contract performance, the Contractor shall submit a request for approval to initiate an over-target baseline or over-target schedule to the Contracting Officer. The request shall include a top-level projection of cost and/or schedule growth, a determination of whether or not performance variances will be retained, and a schedule of implementation for the rebaselining. The Government will acknowledge receipt of the request in a timely manner (generally within 30 calendar days).

(i) Significant deficiencies. (1) The Contracting Officer will provide an initial determination to the Contractor, in writing, of any significant deficiencies. The initial determination will describe the deficiency in sufficient detail to allow the Contractor to understand the deficiency.

(2) The Contractor shall respond within 30 days to a written initial determination from the Contracting Officer that identifies significant deficiencies in the Contractor's EVMS. If the Contractor disagrees with the initial determination, the Contractor shall state, in writing, its rationale for disagreeing.

(3) The Contracting Officer will evaluate the Contractor's response and notify the Contractor, in writing, of the Contracting Officer's final determination concerning—

(i) Remaining significant deficiencies;

(ii) The adequacy of any proposed or completed corrective action;

(iii) System noncompliance, when the Contractor's existing EVMS fails to comply with the earned value management system guidelines in the ANSI/EIA-748; and

(iv) System disapproval, if initial EVMS validation is not successfully completed within the time frame approved by the Contracting Officer, or if the Contracting Officer determines that the Contractor's earned value management system contains one or more significant deficiencies in high-risk guidelines in ANSI/EIA-748 standards (guidelines 1, 3, 6, 7, 8, 9, 10, 12, 16, 21, 23, 26, 27, 28, 30, or 32). When the Contracting Officer determines that the existing earned value management system contains one or more significant deficiencies in one or more of the remaining 16 guidelines in ANSI/EIA-748 standards, the Contracting Officer will use discretion to disapprove the system based on input received from functional specialists and the auditor.

(4) If the Contractor receives the Contracting Officer's final determination of significant deficiencies, the Contractor shall, within 45 days of receipt of the final determination, either correct the significant deficiencies or submit an acceptable corrective action plan showing milestones and actions to eliminate the significant deficiencies.

(j) *Withholding payments.* If the Contracting Officer makes a final determination to disapprove the Contractor's EVMS, and the contract includes the clause at [252.242-7005](#), Contractor Business Systems, the Contracting Officer will withhold payments in accordance with that clause.

(k) With the exception of paragraphs (i) and (j) of this clause, the Contractor shall require its subcontractors to comply with EVMS requirements as follows:

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(1) For subcontracts valued at \$50 million or more, the following subcontractors shall comply with the requirements of this clause: _____

[Contracting Officer to insert names of subcontractors (or subcontracted effort if subcontractors have not been selected) designated for application of the EVMS requirements of this clause.]

(2) For subcontracts valued at less than \$50 million, the following subcontractors shall comply with the requirements of this clause, excluding the requirements of paragraph (c) of this clause:

[Contracting Officer to insert names of subcontractors (or subcontracted effort if subcontractors have not been selected) designated for application of the EVMS requirements of this clause.]

(End of clause)

252.239-7016 TELECOMMUNICATIONS SECURITY EQUIPMENT, DEVICES, TECHNIQUES, AND SERVICES (DEC 1991)

(Applicable to all Purchase Orders which require securing telecommunications. Applies to Commercial Non-Commercial procurements.)

(a) *Definitions.* As used in this clause—

(1) “Securing” means the application of Government-approved telecommunications security equipment, devices, techniques, or services to contractor telecommunications systems.

(2) “Sensitive information” means any information the loss, misuse, or modification of which, or unauthorized access to, could adversely affect the national interest or the conduct of Federal programs, or the privacy to which individuals are entitled under 5 U.S.C. 552a (the Privacy Act), but which has not been specifically authorized under criteria established by an Executive Order or Act of Congress to be kept secret in the interest of national defense or foreign policy.

(3) “Telecommunications systems” means voice, record, and data communications, including management information systems and local data networks that connect to external transmission media, when employed by Government agencies, contractors, and subcontractors to transmit—

- (i) Classified or sensitive information;
- (ii) Matters involving intelligence activities, cryptologic activities related to national security, the command and control of military forces, or equipment that is an integral part of a weapon or weapons system; or
- (iii) Matters critical to the direct fulfillment of military or intelligence missions.

(b) This solicitation/contract identifies classified or sensitive information that requires securing during telecommunications and requires the Contractor to secure telecommunications systems. The Contractor agrees to secure information and systems at the following location: _____

(c) To provide the security, the Contractor shall use Government-approved telecommunications equipment, devices, techniques, or services. A list of the approved equipment, etc. may be obtained from _____. Equipment, devices, techniques, or services used by the Contractor must be compatible or interoperable with _____ (list and identify the location of any telecommunications security equipment, device, technique, or service currently being used by the technical or requirements organization or other offices with which the Contractor must communicate).

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(d) Except as may be provided elsewhere in this contract, the Contractor shall furnish all telecommunications security equipment, devices, techniques, or services necessary to perform this contract. The Contractor must meet ownership eligibility conditions for communications security equipment designated as controlled cryptographic items.

(e) The Contractor agrees to include this clause, including this paragraph (e), in all subcontracts which require securing telecommunications.
(End of clause)