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

- (a) Consistent with the termination clause and the notice of termination, the TCO shall-
- (1) Direct the action required of the prime contractor;
- (2) Examine the *settlement proposal* of the prime contractor and, when appropriate, the *settlement proposals* of sub-contractors;
- (3) Promptly negotiate settlement with the contractor and enter into a settlement agreement; and
- (4) Promptly settle the contractor's *settlement proposal* by determination for the elements that cannot be agreed on, if unable to negotiate a complete settlement.
- (b) To expedite settlement, the TCO may request specially qualified personnel to-
- (1) Assist in dealings with the contractor;
- (2) Advise on legal and contractual matters;
- (3) Conduct accounting reviews and advise and assist on accounting matters; and
- (4) Perform the following functions regarding termination inventory (see <u>subpart 45.6</u>):
- (i) Verify its existence.
- (ii) Determine qualitative and quantitative allocability.
- (iii) Make recommendations concerning serviceability.
- (iv) Undertake necessary screening and redistribution.
- (v) Assist the contractor in accomplishing other disposition.
- (c) The TCO *should* promptly hold a conference with the contractor to develop a definite program for effecting the settlement. When appropriate in the judgment of the TCO, after consulting with the contractor, principal subcontractors *should* be requested to attend. Topics that *should* be discussed at the conference and documented include-
- (1) General principles relating to the settlement of any *settlement proposal*, including obligations of the contractor under the termination clause of the contract;
- (2) Extent of the termination, point at which work is stopped, and status of any plans, drawings, and information that would have been delivered had the contract been completed;
- (3) Status of any continuing work;
- (4) Obligation of the contractor to terminate subcontracts and general principles to be followed in

settling subcontractor settlement proposals;

- (5) Names of subcontractors involved and the dates termination notices were issued to them;
- (6) Contractor personnel handling review and settlement of subcontractor *settlement proposals* and the methods being used;
- (7) Arrangements for transfer of title and delivery to the Government of any material required by the Government;
- (8) General principles and procedures to be followed in the protection, preservation, and disposition of the contractor's and subcontractors' *termination inventories*, including the preparation of *termination inventory* schedules;
- (9) Contractor accounting practices and preparation of <u>SF 1439</u> (Schedule of Accounting Information (49.602-3));
- (10) Form in which to submit settlement proposals;
- (11) Accounting review of settlement proposals;
- (12) Any requirement for interim financing in the nature of partial payments;
- (13) Tentative time schedule for negotiation of the settlement, including submission by the contractor and subcontractors of *settlement proposals*, *termination inventory* schedules, and accounting information schedules (see <u>49.206-3</u> and <u>49.303-2</u>);
- (14) Actions taken by the contractor to minimize impact upon employees affected adversely by the termination (see paragraph (g) of the letter notice in 49.601-2); and
- (15) Obligation of the contractor to furnish accurate, complete, and current *cost or pricing data*, and to certify to that effect in accordance with 15.403-4(a)(1) when the amount of a termination *settlement agreement*, or a *partial termination settlement agreement* plus the estimate to complete the *continued portion of the contract* exceeds the threshold in 15.403-4.
  - 49.105-1 Termination status reports.
  - 49.105-2 Release of excess funds.
  - 49.105-3 Termination case file.
  - 49.105-4 Cleanup of construction site.

Parent topic: <u>Subpart 49.1 - General Principles</u>