243.204–70–2 Price ceiling.

Unpriced change orders shall include a not-to-exceed price.

[75 FR 48277, Aug. 10, 2010]

243.204–70–3 Definitization schedule.

(a) Unpriced change orders shall contain definitization schedules that provide for definitization by the earlier of—

(1) The date that is 180 days after issuance of the change order (this date may be extended but may not exceed the date that is 180 days after the contractor submits a qualifying proposal); or

(2) The date on which the amount of funds obligated under the change order is equal to more than 50 percent of the not-to-exceed price.

(b) Submission of a qualifying proposal in accordance with the definitization schedule is a material element of the contract. If the contractor does not submit a timely qualifying proposal, the contacting officer may suspend or reduce progress payments under FAR 32.503–6, or take other appropriate action.

[75 FR 48277, Aug. 10, 2010]

243.204–70–4 Limitations on obligations.

(a) The Government shall not obligate more than 50 percent of the not-to-exceed price before definitization. However, if a contractor submits a qualifying proposal before 50 percent of the not-to-exceed price has been obligated by the Government, the limitation on obligations before definitization may be increased to no more than 75 percent (see 232.102–70 for coverage on provisional delivery payments).

(b) Obligations should be consistent with the contractor’s requirements for the undefinitized period.

[75 FR 48277, Aug. 10, 2010]

243.204–70–5 Exceptions.

(a) The limitations in 243.204–70–2, 243.204–70–3, and 243.204–70–4 do not apply to unpriced change orders for the purchase of initial spares.

(b) The limitations in 243.204–70–4(a) do not apply to unpriced change orders for ship construction and ship repair.

(c) The head of the agency may waive the limitations in 243.204–70–2, 243.204–70–3, and 243.204–70–4 for unpriced change orders if the head of the agency determines that the waiver is necessary to support—

(1) A contingency operation; or

(2) A humanitarian or peacekeeping operation.

[75 FR 48277, Aug. 10, 2010]

243.204–70–6 Allowable profit.

When the final price of an unpriced change order is negotiated after a substantial portion of the required performance has been completed, the head of the contracting activity shall ensure the profit allowed reflects—

(a) Any reduced cost risk to the contractor for costs incurred during contract performance before negotiation of the final price;

(b) The contractor’s reduced cost risk for costs incurred during performance of the remainder of the contract; and

(c) The extent to which costs have been incurred prior to definitization of the contract action (see 215.404–71–3(d)(2)). The risk assessment shall be documented in the contract file.

[75 FR 48277, Aug. 10, 2010]

243.204–70–7 Plans and reports.

To provide for enhanced management and oversight of unpriced change orders, departments and agencies shall—

(a) Include in the Consolidated Undefinitized Contract Action (UCA) Management Plan required by 217.7405, the actions planned and taken to ensure that unpriced change orders are definitized in accordance with this subsection; and

(b) Include in the Consolidated UCA Management Report required by 217.7405, each unpriced change order with an estimated value exceeding $5 million.

[75 FR 48277, Aug. 10, 2010]

243.204–71 Certification of requests for equitable adjustment.

(a) A request for equitable adjustment to contract terms that exceeds the simplified acquisition threshold...