

Department of Transportation

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Office (CAO) is effected, and the funds are converted to the CAO agency's account for payment purposes. When the contracting officer proposes to delegate the contract payment function to another agency (e.g., DCMA), the contracting officer shall discuss the transfer of funds procedures with the cognizant OA payment office. The CAO, the contracting officer, or the designated contract specialist in the contracting office shall review and approve the invoices and vouchers under the assigned contracts. The review and approval of invoices under cost-reimbursement and time-and-materials type contracts cannot be delegated to the Contracting Officer's Representative.

Subpart 1242.15—Contractor Performance Information

1242.1503 Procedures.

(a)(1) Each OA is responsible for assigning responsibility and management accountability for the completeness of past performance submissions as required in FAR 42.1503(a).

PART 1245 [RESERVED]

PART 1246—QUALITY ASSURANCE

Subpart 1246.1—General

Sec.

1246.101 Definitions.

1246.101–70 Additional definitions.

Subpart 1246.7—Warranties

1246.705–70 Limitations—restrictions.

1246.706–70 Warranty terms and conditions—requirements.

AUTHORITY: 5 U.S.C. 301; 41 U.S.C. 1121(c)(3); 41 U.S.C. 1702; and 48 CFR 1.301 through 1.304.

SOURCE: 87 FR 61159, Oct. 7, 2022, unless otherwise noted.

Subpart 1246.1—General

1246.101 Definitions.

1246.101–70 Additional definitions.

As used in this subpart—

At no additional cost to the Government means at no increase in price for firm-fixed-price contracts, at no increase in

target or ceiling price for fixed price incentive contracts (see FAR 46.707), or at no increase in estimated cost or fee for cost-reimbursement contracts.

Defect means any condition or characteristic in any supplies or services furnished by the contractor under the contract that is not in compliance with the requirements of the contract.

Major acquisition means an acquisition or for supplies or services that requires submission of an OMB Exhibit 300 (Capital Asset Plan/Business Case) in accordance with OMB Circular A–11, Preparation, Submission and Execution of the Budget, and for information technology or information technology related acquisitions, compliance with the Department Chief Information Officer (CIO) Policy (CIOP). A major acquisition typically has one or more of the following characteristics—

(1) Life-cycle costs of \$150 million or more;

(2) Is a financial system, e-gov system, or e-business system with a life-cycle cost of \$500,000 or more; or

(3) An acquisition that does not meet the dollar thresholds of paragraph (1) or (2) of this definition but—

(i) Is mission-critical;

(ii) Requires special management attention because of its importance to an OA mission;

(iii) Plays a significant role in the administration of OA programs, processes or other resources; or

(iv) Directly supports the President's Management Agenda.

Performance requirements means the operating capabilities, maintenance, and reliability characteristics of a system that are determined to be necessary for it to fulfill the requirement for which the system is designed.

Subpart 1246.7—Warranties

1246.705–70 Limitations—restrictions.

The following restrictions are applicable to DOT contracts:

(a) The contractor shall not be required to honor the warranty on any property furnished by the Government except for—

(1) Defects in installation; and

(2) Installation or modification in such a manner that invalidates a warranty provided by the manufacturer of the property.

(b) Any warranty obtained shall specifically exclude coverage of damage in time of war (combat damage) or national emergency.

(c) Contracting officers shall not include in a warranty clause any terms that require the contractor to incur liability for loss, damage, or injury to third parties.

1246.706-70 Warranty terms and conditions—requirements.

(a) When appropriate and cost effective, the contracting officer shall comply with the following requirements when developing the warranty terms and conditions—

(1) Identify the affected line item(s) and the applicable specification(s);

(2) Require that the line item's design and manufacture will conform to—

(i) An identified revision of a top-level drawing; and/or

(ii) An identified specification or revision thereof;

(3) Require that the line item conform to the specified Government performance requirements;

(4) Require that all line items and components delivered under the contract will be free from defects in materials and workmanship;

(5) State that if the contractor fails to comply with specification or there are defects in material and workmanship, the contractor will bear the cost of all work necessary to achieve the specified performance requirements, including repair and/or replacement of all parts;

(6) Require the timely replacement/repair of warranted items and specify lead times for replacement/repair where possible;

(7) Identify the specific paragraphs containing Government performance requirements that the contractor must meet;

(8) Ensure that any performance requirements identified as goals or objectives beyond specification requirements are excluded from the warranty provision;

(9) Specify what constitutes the start of the warranty period (*e.g.*, delivery,

acceptance, in-service date) and the end of the warranty period (*e.g.*, passing a test or demonstration, or operation without failure for a specified period), and specify circumstances requiring an extension of warranty duration (*e.g.*, extending the warranty period as a result of mass defect correction during warranty period);

(10) Identify what transportation costs will be paid by the contractor in relation to the warranty coverage;

(11) In addition to combat damage, identify any conditions which will not be covered by the warranty; and

(12) Identify any limitation on the total dollar amount of the contractor's warranty exposure, or agreement to share costs after a certain dollar threshold to avoid unnecessary warranty returns.

(b) In addition to the terms and conditions listed in paragraph (a) of this section, the contracting officer shall consider the following when a warranty clause is being used for a major system, as defined in FAR 2.101:

(1) For line items or components that are commercially available, obtaining a warranty as is normally provided by the manufacturer or supplier, in accordance with FAR 46.703(d) and 46.710(b)(2).

(2) Obtaining a warranty of compliance with the stated requirements for line items or components provided in accordance with either design and manufacturing or performance requirements as specified in the contract or any modification to that contract.

(3) A warranty provided under paragraph (b)(2) of this section shall provide that in the event the line items or any components thereof fails to meet the terms of the warranty provided, the contracting officer may—

(i) Require the contractor to promptly take such corrective action as the contracting officer determines to be necessary at no additional cost to the Government, including repairing or replacing all parts necessary to achieve the requirements set forth in the contract;

(ii) Require the contractor to pay costs reasonably incurred by the United States in taking necessary corrective action; or

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(iii) Equitably reduce the contract price.

(4) Inserting remedies, exclusions, limitations and durations, provided these are consistent with the specific requirements of this subpart and FAR 46.706.

(5) Excluding from the terms of the warranty certain defects for specified supplies (exclusions) and limiting the contractor's liability under the terms of the warranty (limitations), as appropriate, if necessary to derive a cost-effective warranty considering the technical risk, contractor financial risk, or other program uncertainties.

(6) Structuring of a broader and more comprehensive warranty where such is advantageous. Likewise, the contracting officer may narrow the scope of a warranty when appropriate (*e.g.*, where it would be inequitable to require a warranty of all performance requirements because a contractor had not designed the system).

(c) Any contract that contains a warranty clause must contain warranty implementation procedures, including warranty notification content and procedures, and identify the individuals responsible for implementation of warranty provisions. The contract may also permit the contractor's participation in investigation of system failures, if the contractor is reimbursed at established rates for fault isolation work, and that the Government receive credit for any payments where equipment failure is covered by warranty provisions.

PART 1247—TRANSPORTATION

Subpart 1247.5—Ocean Transportation by U.S.-Flag Vessels

Sec.
1247.506 Procedures.

AUTHORITY: 5 U.S.C. 301; 41 U.S.C. 1121(c)(3); 41 U.S.C. 1702; and 48 CFR 1.301 through 1.304.

SOURCE: 87 FR 61159, Oct. 7, 2022, unless otherwise noted.

Subpart 1247.5—Ocean Transportation by U.S.-Flag Vessels

1247.506 Procedures.

(a) The Maritime Administration (MARAD) is the enforcing agency of the cargo preference statutes. MARAD can assist contractors in locating U.S.-flag carriers and determine when such services are not available. MARAD can also assist contracting officers in evaluating costs, services, and other matters regarding ocean transportation.

(d) If no transportation officer is available, the contracting officer shall submit a copy of the rated "on board" bill of lading, for each shipment, no later than 20 days after the vessel's loading date for exports and 30 days for imports as stated in 46 CFR 381.3. All non-vessel ocean common carrier bills of lading should be accompanied by the underlying carrier's ocean bill of lading. The documents shall be sent to the Maritime Administration, Office of Cargo and Commercial Sealift, MAR-620, 1200 New Jersey Avenue SE, Washington, DC 20590-0001. The bill of lading shall contain the following information—

- (1) Name of sponsoring Government agency or department;
- (2) Name of vessel;
- (3) Vessel flag of registry;
- (4) Date of loading;
- (5) Port of loading;
- (6) Port of final discharge;
- (7) Commodity description;
- (8) Gross weight in kilos; and
- (9) Total ocean freight revenue in U.S. dollars.