16.406 Contract clauses.

(a) Insert the clause at 52.216-16, Incentive Price Revision-Firm Target, in *solicitations* and contracts when a fixed-price incentive (firm target) contract is contemplated. If 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, the *contracting officer shall* use the clause with its *Alternate* I.

(b) Insert the clause at 52.216-17, Incentive Price Revision-Successive Targets, in *solicitations* and contracts when a fixed-price incentive (successive targets) contract is contemplated. If 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 incentive price revision under the clause, the *contracting officer shall* use the clause with its *Alternate* I.

(c) The clause at 52.216-7, Allowable Cost and Payment, is prescribed in 16.307(a) for insertion in *solicitations* and contracts when a cost-plus-incentive-fee contract or a cost-plus-award-fee contract is contemplated.

(d) The clause at 52.216-10, Incentive Fee, is prescribed in 16.307(d) for insertion in *solicitations* and contracts when a cost-plus-incentive-fee contract is contemplated.

(e) Insert an appropriate award-fee clause in *solicitations* and contracts when an award-fee contract is contemplated, provided that the clause-

(1) Is prescribed by or approved under agency *acquisition* regulations;

(2) Is compatible with the clause at 52.216-7, Allowable Cost and Payment; and

(3) Expressly provides that the award amount and the award-fee determination methodology are unilateral decisions made solely at the discretion of the Government.

Parent topic: Subpart 16.4 - Incentive Contracts