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# Part 549 - Termination of Contracts

## Subpart 549.1 - General Principles

549.111 Review of proposed settlements.

## Subpart 549.4 - Termination for Default

549.402 Termination of fixed-price contracts for default.

549.402-6 Repurchase against contractor's account.

549.402-7 Other damages.

Subpart 549.5 - [Reserved]

**Parent topic:** General Services Administration Acquisition Manual

## **Subpart 549.1 - General Principles**

### **549.111 Review of proposed settlements.**

The HCA may establish procedures for the review and approval of settlement agreements at a level above the contracting officer.

## **Subpart 549.4 - Termination for Default**

### **549.402 Termination of fixed-price contracts for default.**

#### **549.402-6 Repurchase against contractor's account.**

The contracting officer shall—

- (a) Place a brief explanation for the repurchase in the contract file.
- (b) If practical, use the original contract terms, conditions, and specification for the repurchase. Whether or not the original terms are used, obtain the advice of assigned legal counsel before issuing a solicitation for similar supplies or work (services and construction).
- (c) If the procurement is delayed, protect the Government's rights to recover procurement costs by documenting the file to explain the circumstances of the delay.

## **549.402-7 Other damages.**

(a) Even if the repurchase price does not exceed the price of the terminated supplies or work (services and construction), the contracting officer shall include administrative costs incurred for the repurchase when determining the final purchase price. The contracting officer shall include all procurement costs in a single demand letter (see FAR 49.402-6(c)). The contracting officer shall include detailed documentation in the contract file to support the Government's position that the additional administrative costs were a direct result of the default. The contracting officer shall provide a summary of the additional administrative costs in the demand letter.

(b) Administrative costs include, but are not limited to, the following:

(1) Salaries and fringe benefits paid to Government employees who perform work as a result of the default.

(2) Preaward survey expenses incurred by qualifying procurement contractors.

(3) Printing and distribution costs of the procurement solicitation and repurchase contract.

(4) Travel and per diem.

(c) For administrative labor costs, record each of the following:

(1) Name, position, and organization of each employee performing work activities as a consequence of the default.

(2) Date(s) of work and time(s) spent by each employee on the repurchase.

(3) Description of specific tasks performed (for example, solicitation preparation or clerical).

(4) Hourly rate of pay (straight time or overtime).

(5) Applicable fringe benefits.

(6) Explanation of how the time spent by the employees during the procurement would have been used on other projects but for the default.

(d) For other incurred administrative costs, the contracting officer shall include travel vouchers, invoices, printing requisitions, and other appropriate evidence of expenditures.

## **Subpart 549.5 - [Reserved]**