PART 31

CONTRACT COST PRINCIPLES AND PROCEDURES

TABLE OF CONTENTS

SUBPART 31.2-CONTRACTS WITH COMMERCIAL ORGANIZATIONS

31.205-7 Contingencies.

(c)(2)(90) When a negotiated fixed price type contract (including indefinite delivery, labor-hour, or time-and-materials contracts) is contemplated, whether to be awarded on a firm-priced or flexibly priced basis (includes economic and award fee bases), the following techniques should be considered to overcome contingencies described in FAR 31.205 -7(c)(2) which present a substantial uncertainty and financial risk to the contractor and/or the Government:

(i) Applying a decrement factor for contingencies involving materials (see 15.801);

(ii) Delaying the award so that the contingent effect may reasonably be determined or the contingency resolved, and the contract priced accordingly;

(iii) Using a cost reimbursable type contract;

(iv) Segregating the contingency as a cost reimbursable line; or,

(v) When the contracting officer documents why each of the preceding techniques will not suffice, incorporating a reopener clause in the contract (see Subpart 17.92).