

Appropriations	Allocated Amounts
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Copies to:
 Paying Office
 Accounting and Finance Office
 Other

49.605 Request to settle subcontractor settlement proposals.

Contractors requesting authority to settle subcontractor settlement proposals shall furnish applicable information from the list below and any additional information required by the contracting officer:

- (a) Name of contractor and address of principal office.
- (b) Name and location of divisions of the applicant's plant for which authorization is requested.
- (c) An explanation of the necessity and justification for the authorization requested.
- (d) A full description of the applicant's organization for handling terminations, including the names of the officials in charge of processing and settling proposals.
- (e) The number and dollar amount (estimated if necessary) of uncompleted contracts with Government agencies and the percentage applicable to each agency.
- (f) The number and dollar amount (estimated if necessary) of uncompleted subcontracts under Government contracts and the percentage applicable to each agency.
- (g) The extent of the applicant's experience in termination matters, including the handling of proposals of subcontractors.
- (h) The approximate amount and general nature of terminations of the applicant currently in process.
- (i) A statement that no other application has been made for any division of the applicant's plant covered by the application or, if one has been made, a full statement of the facts.
- (j) The limit of authorization requested.

49.606 Granting subcontract settlement authorization.

Contracting officers shall use the following format when granting subcontract settlement authorization:

LETTER OF AUTHORIZATION

- (a) Your request of _____ (date) is approved, and you are authorized, subject to the limitations of subsection 49.108-4 and those stated below, to settle, without further approval of the Government, all subcontracts and purchase orders terminated by you as a result of a Government contract being terminated or modified (1) for the convenience of the Government or (2) under any other circumstances that may require the Government to bear the cost of their settlement.
- (b) This authorization does not extend to the disposition of Government-furnished material or articles completed but undelivered under the subcontract or purchase order, as these require screening and approval of disposal actions by the Government, except that allocable completed articles may be disposed of without Government approval or screening if the total amount (at subcontract price) when added to the amount of settlement (as computed below) does not exceed \$ _____ [insert limit of authorization being granted].
- (c) This authorization is subject to the following conditions and requirements:
 - (1) The amount of the subcontract termination settlement does not exceed \$ _____ [insert limit of authorization being granted], computed as follows:
 - (i) Do not deduct advance or partial payments or credits for retention or other disposal of termination inventory allocated to the settlement proposal.
 - (ii) Deduct amounts payable for completed articles or work at the contract price or for the settlement of termination proposals of subcontractors (except those settlements that have not been approved by the Government).
 - (2) Any termination inventory involved has been disposed of under subsection 49.108-4, except that screening and Government approval of scrap and salvage determinations are not required.
 - (3) The Contracting Officer may incorporate into each Notice of Termination specific instructions about the disposition of specific items of termination inventory, or the Contracting Officer may, at any time before final settlement, issue specific instructions. These instructions will not affect any disposal action taken by you or your subcontractors before their receipt.
 - (4) The settlements made by you with your subcontractors and suppliers under this authorization, including sales, retention, or other dispositions of property involved in making these settlements, are reimbursable under part 49 and the Termination clause of the contract, and do not require approval of the Contracting Officer.
 - (5) Any number of separate settlements of \$ _____ [insert limit of authorization