



DOC 3S CR
**SUPPLEMENT FOR COST REIMBURSABLE SUBCONTRACTS/PURCHASE ORDERS (ALL AGENCIES) FOR
NON-COMMERCIAL ITEMS UNDER A U.S. GOVERNMENT PRIME CONTRACT**

In a Cost Reimbursable Contract, Doc 3 shall apply, with the following additions, modifications, and substitutions. This document shall have precedence over ULA Doc 3 with regard to the clauses, or portions thereof, cited herein.

SECTION I: GENERAL PROVISIONS

PAYMENTS, TAXES, AND DUTIES

Add Paragraph (h) to the Doc 3 Clause titled Payments, Taxes, and Duties

30. PAYMENTS, TAXES, AND DUTIES

(h) CONTRACTOR agrees to submit upon the request of the Procurement Representative a release of claims upon final payment under this Contract.

ALLOWABLE COST AND PAYMENT

Add the Following Clause after Clause 36, Priority Rating:

37. ALLOWABLE COST AND PAYMENT (FAR 52.216-07, Allowable Cost and Payment)

(a) **Invoicing.** ULA shall make payments to CONTRACTOR when requested as Work progresses, but (except for Small Business Concerns) not more often than once every two (2) weeks, in amounts determined to be allowable by ULA in accordance with the terms of this Contract and Subpart 31.2 of the FAR, and agency supplements as appropriate, in effect on the date of this Contract. If the Contract is with an educational institution, FAR Subpart 31.3 shall apply; and if with a non-profit organization other than an educational institution, FAR Subpart 31.7 shall apply. CONTRACTOR may submit to the Procurement Representative, in such form and reasonable detail as the Procurement Representative may require, an invoice or voucher supported by a statement of the claimed allowable cost for performing this Contract.

(b) Reimbursing costs.

(i) For the purpose of reimbursing allowable costs (except as provided in paragraph (b)(2) of the clause, with respect to pension, deferred profit sharing, and employee stock ownership plan contributions), the term "costs" includes only: (i) Those recorded costs that, at the time of the request for reimbursement, CONTRACTOR has paid by cash, check, or other form of actual payment for items or services purchased directly for this Contract; (ii) When CONTRACTOR is not delinquent in paying costs of Contract performance in the ordinary course of business, costs incurred, but not necessarily paid, for— (A) Work purchased directly for the Contract and associated financing payments to subcontractors, provided payments determined due will be made— (1) In accordance with the terms and conditions of a subcontract or invoice; and (2) Ordinarily within thirty (30) days prior to the submission of CONTRACTOR's payment request to ULA; (B) Materials issued from CONTRACTOR's inventory and placed in the production process for use on this Contract; (C) Direct labor; (D) Direct travel; (E) Other direct in-house costs; and (F) Properly allocable and allowable indirect costs, as shown in the records maintained by CONTRACTOR for purposes of obtaining reimbursement under Government contracts; and (iii) The amount of financing payments that have been paid by cash, check, or other forms of payment to CONTRACTOR's subcontractors.

(ii) Accrued costs of CONTRACTOR contributions under employee pension plans shall be excluded until actually paid unless: (i) CONTRACTOR's practice is to make contributions to the retirement fund quarterly or more frequently; and (ii) The contribution does not remain unpaid thirty (30) days after the end of the applicable quarter or shorter payment period (any contribution remaining unpaid shall be excluded from CONTRACTOR's indirect costs for payment purposes).

(iii) Notwithstanding the audit and adjustment of invoices or vouchers under paragraph (g) of this clause, allowable indirect costs under this Contract shall be obtained by applying indirect cost rates established in accordance with paragraph (d) of this clause.

(iv) Any statements in specifications or other documents incorporated in this Contract by reference designating performance of services or furnishing of materials at CONTRACTOR's expense or at no cost to ULA shall be disregarded for purposes of cost-reimbursement under this clause.

(c) **Small business concerns.** A small business concern may receive more frequent payments than every two (2) weeks.

(d) **Final indirect cost rates.** ULA shall reimburse CONTRACTOR on the basis of final annual indirect cost rates and the appropriate bases established by CONTRACTOR and the Government in effect for the period covered by the indirect cost rate proposal. Final annual indirect cost rates and the appropriate bases shall be established in accordance with FAR Subpart 42.7 in effect for the period covered by the indirect cost rate proposal. Such rates and bases shall not change any monetary ceiling, contract obligation, or specific cost allowance or disallowance provided for in this Contract. The rates and bases shall be deemed incorporated into this Contract upon execution of a written settlement of rates by the CONTRACTOR and the appropriate Government representative.

(e) **Billing Rates.** There shall be included as allowable indirect costs such overhead rates as may be established by CONTRACTOR and the cognizant Government agency in accordance with the principles of the FAR and applicable FAR supplement. Pending establishment of final indirect overhead rates for any period, CONTRACTOR shall be reimbursed at billing rates approved by the cognizant Government agency, which billing rates may be revised from time to time subject to such approval and subject to appropriate adjustment when the final rates for that period are established. The CONTRACTOR shall update the billings on this CONTRACT to reflect the final settled rates and update the schedule of cumulative direct and indirect costs claimed and billed, within sixty (60) days after settlement of final indirect cost rates.

(f) **Quick-closeout procedures.** When CONTRACTOR and ULA agree, quick-closeout procedures of Subpart 42.7 of the FAR may be used.

(g) **Audit.** At any time or times before final payment, ULA or the Contracting Officer may have CONTRACTOR's invoices or vouchers and statements of cost audited. Any payment may be (1) reduced by amounts found not to constitute allowable costs or (2) adjusted for prior overpayments or underpayments.

(h) **Final payment.**

(i) CONTRACTOR shall submit a completion invoice or voucher reflecting the settled amounts and rates, designated as such, promptly upon completion of the Work, but no later than ninety (90) days (or longer, as ULA may approve in writing) from the completion date. The completion invoice or voucher shall include settled Subcontract amounts and rates. Upon approval of that completion invoice or voucher and upon CONTRACTOR's compliance with all terms of this Contract, ULA shall promptly pay any balance of allowable costs and that part of the fee (if any) not previously paid.

(ii) CONTRACTOR shall pay to ULA any refunds, rebates, credits, or other amounts (including interest, if any) accruing to or received by CONTRACTOR or any assignee under this Contract to the extent that those amounts are properly allocable to costs for which CONTRACTOR has been reimbursed by ULA. Reasonable expenses incurred by CONTRACTOR for securing refunds, rebates, credits, or other amounts shall be allowable costs if approved by ULA. Before final payment under this Contract, CONTRACTOR and each assignee whose assignment is in effect at the time of final payment shall execute and deliver: (i) An assignment to ULA, in form and substance satisfactory to ULA, of refunds, rebates, credits, or other amounts (including interest, if any) properly allocable to costs for which CONTRACTOR has been reimbursed by ULA under this Contract; and (ii) A release discharging ULA, the Government, its officers, agents, and employees from all liabilities, obligations, and claims arising out of or under this Contract, except: (A) Specified claims stated in exact amounts, or in estimated amounts when the exact amounts are not known; (B) Claims (including reasonable incidental expenses) based upon liabilities of CONTRACTOR to third parties arising out of the performance of this Contract; provided, that the claims are not known to CONTRACTOR on the date of the execution of the release, and that CONTRACTOR gives notice of the claims in writing to ULA within five (5) years following the release date or notice of final payment date, whichever is earlier; and (C) Claims for reimbursement of costs, including reasonable incidental expenses, incurred by CONTRACTOR under the patent clauses of this Contract, excluding, however, any expenses arising from CONTRACTOR'S indemnification of ULA and the Government against patent liability.

(i) **Subcontracts.** No subcontract placed under this Contract shall provide for payment on a cost-plus-a percentage-of-cost basis, and any fee payable under cost-reimbursements type subcontracts shall not exceed the fee limitations in paragraph 15.404-4(c) of the FAR.

SECTION II: FAR FLOWDOWN PROVISIONS

Substitute the following Part F for Part F found in Doc 3:

F. FAR FLOWDOWN CLAUSES FOR COST REIMBURSABLE CONTRACTS FOR NON-COMMERCIAL ITEMS UNDER A GOVERNMENT PRIME CONTRACT

The following FAR clauses apply to this Cost Reimbursable Contract:

- (a) 52.215-23 LIMITATION OF PASS THROUGH CHARGES (OCT 2009)
- (b) 52.216-08 FIXED FEE (JUN 2011) (Applicable only if this Contract includes a fixed fee. Notes 1 and 2 apply. Delete the last two sentences of the clause.)
- (c) 52.216-10 INCENTIVE FEE (JUN 2011) (Applicable only if this Contract includes an incentive fee. Notes 1 and 2 apply, except in subparagraphs (e)(4)(v) and (e)(4)(vi) where "Government" is unchanged. The last two sentences of paragraph (c) is deleted. The amounts in paragraph (e)(1) are set forth on the face of this Contract.)
- (d) 52.216-11 COST CONTRACT – NO FEE (APR 1984) (Applicable only if this Contract is placed on a cost reimbursement - no fee basis. Notes 1 and 2 apply.)
- (e) 52.222-02 PAYMENT FOR OVERTIME PREMIUMS (JUL 1990) (Insert "zero" in the Blank. Notes 2 and 3 apply.)
- (f) 52.232-20 LIMITATION OF COST (APR 1984) (Applicable when this Contract becomes fully funded. Notes 1 and 2 apply.)
- (g) 52.232-22 LIMITATION OF FUNDS (APR 1984) (Applicable if this Contract is incrementally funded. When the Contract becomes fully funded 52.232-20 shall apply in lieu of this clause. Notes 1 and 2 apply.)
- (h) 52.243-02 CHANGES - COST REIMBURSEMENT (AUG 1987) Alt II (1984) (Notes 1 and 2 apply. In paragraph (a) add as subparagraph (4) "Delivery schedule.")
- (i) 52.246-05 INSPECTION OF SERVICES - COST REIMBURSEMENT (APR 1984) (Note 3 applies in paragraphs (b) and (c). Note 1 applies in paragraphs (d) and (e).)
- (j) 52.249-06 TERMINATION (COST-REIMBURSEMENT) (MAY 2004) (Notes 1 and 2 apply. Substitute "90 days" for "120 days" and "90-day" for "120-day" in paragraph (d). Substitute "180 days" for "1 year" and "180-day" for "1-year" in paragraph (f). In paragraph (j) "right of appeal", "timely appeal" and "on an appeal" shall mean the right to proceed under the "Disputes" clause of this Contract. Settlements and payments under this clause may be subject to the approval of the Contracting Officer.)
- (k) 52.249-14 EXCUSABLE DELAYS (APR 1984) (Note 2 applies; Note 1 applies to (c).)