Subchapter 3016.1 Selecting Contract Types

3016.104 Factors in selecting contract types.

(i) The contracting officer (CO) is required to ensure the offeror’s accounting system is adequate before award of “other than firm fixed price” (OTFFP) contract. The following are OTFFP contract types: time-and-material (T&M), labor-hour (LH), all types of cost reimbursement, fixed price with economic price adjustment based on actual costs, fixed price redetermination, and fixed price incentive. (Refer to FAR Part 16 for policy and information on specific contract types.) The contractor’s accounting system must permit timely development of all necessary cost data in the form required by the proposed contract type and track costs allocable to the contract. Additionally, payment clauses require specific information be provided to process invoices or vouchers for payment. Refer to the Contracting Officer’s Guide, Determining the Adequacy of a Contractor’s Accounting System for guidance on ensuring the offeror’s accounting system is adequate before award of an “other than firm fixed price” (OTFFP) contract. The guide provides solicitation language that may be tailored.