

213.205-70, the cognizant contracting officer shall include the following provision as paragraph (b)(7) of the novation agreement instead of the paragraph (b)(7) provided in the sample format at FAR 42.1204(i):

“(7)(i) Except as set forth in subparagraph (7)(ii) below, the Transferor and the Transferee agree that the Government is not obligated to pay or reimburse either of them for, or otherwise give effect to, any costs, taxes, or other expenses, or any related increases, directly or indirectly arising out of or resulting from the transfer or this Agreement, other than those that the Government in the absence of this transfer or Agreement would have been obligated to pay or reimburse under the terms of the contracts.

(ii) The Government recognizes that restructuring by the Transferee incidental to the acquisition/merger may be in the best interests of the Government. Restructuring costs that are allowable under Part 31 of the Federal Acquisition Regulation (FAR) or Part 231 of the Defense Federal Acquisition Regulation Supplement (DFARS) may be reimbursed under flexibly-priced novated contracts, provided the Transferee demonstrates that the restructuring will reduce overall costs to the Department of Defense (DoD) (and to the National Aeronautics and Space Administration (NASA), where there is a mix of DoD and NASA contracts), and the requirements included in DFARS 231.205-70 are met. Restructuring costs shall not be allowed on novated contracts unless there is an audit of the restructuring proposal; a determination by the contracting officer of overall reduced costs to DoD/NASA; and an Advance Agreement setting forth a cumulative cost ceiling for restructuring projects and the period to which such costs shall be assigned.”

[60 FR 1749, Jan. 5, 1995, as amended at 61 FR 16882, Apr. 18, 1996; 65 FR 63805, Oct. 25, 2000]

**Subpart 242.14—Traffic and Transportation Management**

**242.1402 Volume movements within the contiguous United States.**

(a)(2) In reporting planned and actual volume movements—

(A) The contracting officer—

(I) Provides production schedules and planned destinations to the servicing transportation office as soon as the information is available to permit the transportation office to determine if volume movements will occur. If a volume movement appears likely, the transportation office reports a planned

volume movement in accordance with DoD 4500.9-R, Defense Transportation Regulation, Part II, Chapter 201.

(2) Sends a copy of the volume movement report to the contract administration office.

(B) The contract administration office submits a volume movement report when—

(I) Significant changes are made to the movement requirements; or

(2) The contracting office did not submit a report.

(C) Include the destination country, freight forwarder, and, if known, port of embarkation on volume movement reports for foreign military sale shipments.

[56 FR 36437, July 31, 1991, as amended at 65 FR 50143, Aug. 17, 2000]

**242.1403 Shipping documents covering f.o.b. origin shipments.**

(a)(i) Procedures for the contractor to obtain Government bills of lading are in the clause at 252.242-7003, Application for U.S. Government Shipping Documentation/Instructions.

(ii) The term “commercial bills of lading” includes the use of any commercial form or procedure.

[56 FR 36437, July 31, 1991, as amended at 65 FR 50144, Aug. 17, 2000]

**242.1404 Shipments by parcel post or other classes of mail.**

**242.1404-1 Parcel post eligible shipments.**

(b)(1) See DoD 4525.8-M, DoD Official Mail Manual.

[56 FR 67220, Dec. 30, 1991]

**242.1404-2 Contract clauses.**

When using FAR 52.213-1, Fast Payment Procedures, do not use FAR clauses 52.242-10, F.o.b. Origin—Government Bills of Lading or Prepaid Postage, or 52.242-11, F.o.b. Origin—Government Bills of Lading or Indicia Mail.

**242.1404-2-70 Additional clause.**

Use the clause at 252.242-7003, Application for U.S. Government Shipping Documentation/Instructions, when using the clause at FAR 52.242-10, F.o.b. Origin—Government Bills of

## 242.1405

Lading or Prepaid Postage, or FAR 52.242-11, F.o.b. Origin—Government Bills of Lading or Indicia Mail.

[62 FR 34127, June 24, 1997]

### 242.1405 Discrepancies incident to shipment of supplies.

(a) See also DoD 4500.9-R, Defense Transportation Regulation, Part II, Chapter 210, for discrepancy procedures.

[65 FR 50144, Aug. 17, 2000]

### 242.1470 Demurrage and detention charges.

(a) Carrier demurrage rules usually allow for a “free time” for loading or unloading cars or for any other purpose, and impose charges for cars held beyond this period. If a contractor detains railroad cars beyond the “free time,” the contractor has to pay the carrier’s published tariff charges for demurrage.

(b) Detention results when a shipper or consignee holds motor carrier equipment beyond a reasonable period for loading, unloading, forwarding directions, or any other reason. Detention rules and charges are not uniform; they are published in individual carrier or agency tenders.

[56 FR 36437, July 31, 1991, as amended at 65 FR 50144, Aug. 17, 2000]

## Subpart 242.70 [Reserved]

## Subpart 242.71—Voluntary Refunds

### 242.7100 General.

A voluntary refund is a payment or credit (adjustment under one or more contracts or subcontracts) to the Government from a contractor or subcontractor that is not required by any contractual or other legal obligation. Follow the procedures at PGI 242.7100 for voluntary refunds.

[70 FR 67920, Nov. 9, 2005]

## 48 CFR Ch. 2 (10-1-07 Edition)

## Subpart 242.72—Contractor Material Management and Accounting System

SOURCE: 65 FR 77833, Dec. 13, 2000, unless otherwise noted.

### 242.7200 Scope of subpart.

(a) This subpart provides policies, procedures, and standards for use in the evaluation of a contractor’s material management and accounting system (MMAS).

(b) The policies, procedures, and standards in this subpart—

(1) Apply only when the contractor has contracts exceeding the simplified acquisition threshold that are not for the acquisition of commercial items and are either—

(i) Cost-reimbursement contracts; or

(ii) Fixed-price contracts with progress payments made on the basis of costs incurred by the contractor as work progresses under the contract; and

(2) Do not apply to small businesses, educational institutions, or nonprofit organizations.

### 242.7201 Definitions.

*Material management and accounting system* and *valid time-phased requirements* are defined in the clause at 252.242-7004, Material Management and Accounting System.

### 242.7202 Policy.

DoD policy is for its contractors to have an MMAS that conforms to the standards in paragraph (e) of the clause at 252.242-7004, so that the system—

(a) Reasonably forecasts material requirements;

(b) Ensures the costs of purchased and fabricated material charged or allocated to a contract are based on valid time-phased requirements; and

(c) Maintains a consistent, equitable, and unbiased logic for costing of material transactions.

### 242.7203 Review procedures.

(a) *Criteria for conducting reviews.* Conduct an MMAS review when—

(1) A contractor has \$40 million of qualifying sales to the Government