

## Anticipating the Content of a Settlement Conference

***In the event of a contract termination, the Terminating Contracting Officer (TCO) is to promptly hold a conference with the contractor to develop a plan to reach a settlement. Subcontractors may be invited to the conference if the TCO and the prime contractor believe it is appropriate that they attend.***

***What can a contractor expect to be discussed? FAR Part 49.105(c) spells this out:***

1. General principles relating to the settlement of any settlement proposal, including obligations of the contractor under the termination clause of the contract;
2. Extent of the termination, point at which work is stopped, and status of any plans, drawings, and information that would have been delivered had the contract been completed;
3. Status of any continuing work;
4. Obligation of the contractor to terminate subcontracts and general principles to be followed in settling subcontractor settlement proposals;
5. Names of subcontractors involved and the dates termination notices were issued to them;
6. Contractor personnel handling review and settlement of subcontractor settlement proposals and the methods being used;
7. Arrangements for transfer of title and delivery to the Government of any material required by the Government;
8. Principles and procedures to be followed in the protection, preservation, and disposition of the contractor's and subcontractors' inventories, including termination inventory schedules;
9. Contractor accounting practices and preparation of SF 1439 (Schedule of Accounting Information);
10. Form in which to submit settlement proposals;
11. Accounting review of settlement proposals;
12. Any requirement for interim financing in the nature of partial payments;
13. Tentative time schedule for negotiation of the settlement, including submission by the contractor and subcontractors of settlement proposals, termination inventory schedules, and accounting information schedules;
14. Actions taken by the contractor to minimize impact upon employees affected adversely by the termination (see paragraph (g) of the letter notice in FAR Part 49.601-2); and
15. Obligation of the contractor to furnish accurate, complete, and current cost or pricing data, and to certify to that effect in accordance with FAR Part 15.403-4(a)(1) when the amount of a termination settlement agreement, or a partial termination settlement agreement plus the estimate to complete the continued portion of the contract exceeds the threshold in 15.403-4.