16.301-3 Limitations.

- (a) A cost-reimbursement contract may be used only when
- (1) The factors in 16.104 have been considered;
- (2) A written acquisition plan has been approved and signed at least one level above the contracting officer;
- (3) The contractor's accounting system is adequate for determining costs applicable to the contract or order; and
- (4) Prior to award of the contract or order, adequate Government resources are available to award and manage a contract other than firm-fixed-priced (see 7.104(e)). This includes appropriate Government surveillance during performance in accordance with 1.602-2, to provide reasonable assurance that efficient methods and effective cost controls are used.
- (b) The use of cost-reimbursement contracts is prohibited for the acquisition of commercial products and commercial services (see parts 2 and 12).

Parent topic: 16.301 General.