

536.7105-8 Conversion to Firm-Fixed-Price.

- (a) At any time after completion of 100 percent construction documents, the Government and the construction contractor may bilaterally convert the whole contract to firm-fixed-price.
- (b) Conversion to firm-fixed-price may occur after the contingency risks, to be covered by the CCA, have been sufficiently reduced in the best interest of the Government. See [FAR 16.103\(b\)](#) for additional guidance for assessing risk management, profit motive, and timing considerations.
- (c) Conversion to firm-fixed-price is only permitted pursuant to a written determination from the contracting officer to the contract file supporting the conversion. The contracting officer should consult other members of the acquisition team, including the project manager, to analyze and justify the conversion.
- (d) The contracting officer shall not agree to a firm-fixed-price in excess of the GMP.
- (e) In accordance with [536.7105-3\(c\)](#), the contracting officer shall obtain an independent audit of the construction contractor's costs incurred in the performance of the contract to date.
- (f) When evaluating the construction contractor's proposal for firm-fixed-price definitization, the contracting officer should compare the anticipated final cost to the firm-fixed-price being proposed. It may be reasonable for the construction contractor to include a contingency for assuming the risk associated with agreeing to the firm-fixed-price. The contracting officer should evaluate this contingency to ensure that the proposed amount reasonably reflects the remaining risks being assumed by the construction contractor. This evaluation may be informed by the history of the project, the balance of the CCA, and other factors.
- (g) The modification to convert to a firm-fixed-price is subject to the requirement to obtain cost and pricing data unless one of the exceptions in [FAR 15.403-1](#) applies.
- (h) The modification to convert to a firm-fixed-price is subject to the requirement for a prenegotiation objectives memo and price negotiation memo, including fair and reasonable price determination, per [FAR 15.406](#).
- (i) Upon converting to a firm-fixed-price, the contract is no longer subject to open book accounting, a shared savings incentive, or the need for determination of final settlement.

Parent topic: [536.7105 Construction Contract Administration](#).