

16.102 Policies.

(a) Contracts resulting from sealed bidding *shall* be firm-fixed-price contracts or fixed-price contracts with economic price adjustment.

(b) Contracts negotiated under part 15 *may* be of any type or combination of types that will promote the Government's interest, except as restricted in this part (see 10 U.S.C. 3321(a) and 41 U.S.C. 3901). Contract types not described in this regulation *shall* not be used, except as a deviation under subpart 1.4.

(c) The cost-plus-a-percentage-of-cost system of *contracting shall* not be used (see 10 U.S.C. 3322(a) and 41 U.S.C. 3905(a)). Prime contracts (including letter contracts) other than firm-fixed-price contracts *shall*, by an appropriate clause, prohibit cost-plus-a-percentage-of-cost subcontracts (see clauses prescribed in subpart 44.2 for cost-reimbursement contracts and subparts 16.2 and 16.4 for fixed-price contracts).

(d) No contract *may* be awarded before the execution of any determination and findings (D&F's) required by this part. Minimum requirements for the content of D&F's required by this part are specified in 1.704.

Parent topic: Subpart 16.1 - Selecting Contract Types