

General Terms and Conditions of Purchase

Supplement 1 – Federal Acquisition Regulation (FAR) Government Contract Provisions

1. When the products or services furnished are for use in connection with a U.S. Government prime contract or subcontract, in addition to the DRS General Purchase Order Terms and Conditions, the following provisions shall apply, as required by the terms of the prime contract or by operation of law or regulation. The effective version of each Federal Acquisition Regulation (hereinafter “FAR”) provision shall be the same version as that which appears in Buyer’s prime contract (as amended) or higher tier subcontract (as amended) under which this Purchase Order is a subcontract. For the acquisition of commercial items under Purchase Orders placed in support of, and charged to, a U.S. Government prime contract or subcontract, the only FAR clauses that are required by FAR 52.244-6 are those annotated with * after the FAR provision number. For the definition of a commercial item see FAR 2.101.
2. In the event of a conflict between these FAR provisions and the General Terms and Conditions of Purchase, the FAR provisions shall control.
3. Seller shall insert these provisions in selected lower tier subcontracts, either verbatim or in substance, and by incorporation-by-reference or otherwise as appropriate.
4. In all clauses listed herein, the terms “Government,” “Contracting Officer,” and “Contractor” shall be deemed revised to suitably identify the contracting parties herein and effect the proper intent of the provision except where further clarified or modified below. However, clauses identified by ** after the title shall have their original meaning as written in the FAR, and when identified by *** after the title shall not only have their original meaning as written in the FAR, but “Government,” “Contracting Officer,” and “Contractor” shall also mean Buyer. “Subcontractor,” however, shall mean “Seller’s Subcontractor” under the Purchase Order.
5. If any FAR clauses do not apply to a specific Purchase Order, such clauses are considered to be self-deleting.

A. Applicable to all Purchase Orders:

52.202-1	Definitions
52.203-10	Price or Fee Adjustment for Illegal or Improper Activity
52.203-15*	Whistleblower Protection Under the American Recovery and Reinvestment Act of 2009
52.204-2	Security Requirements**

52.204-9	Personal Identity Verification of Contractor Personnel (applies where Seller will have physical access to a federally-controlled facility or access to a Federal information system)
52.211-5	Material Requirements
52.211-15	Defense Priority and Allocation Requirements
52.212-5	Contract Terms Required to Implement Executive Orders – Commercial Items
52.217-9	Option to Extend the Term of the Contract
52.222-1	Notice to Government of Labor Disputes
52.222-21	Prohibition of Segregated Facilities
52.222-22	Previous Contracts and Compliance Reports
52.222-26*	Equal Opportunity
52.222-41	Service Contract Act of 1965, as amended
52.222-50*	Combating Trafficking in Persons (include Alternate I if it is included in the prime contract)
52.222-51	Exemption From Application of the Service Contract Act to Contracts for Maintenance, Calibration, or Repair of Certain Equipment - Requirements
52.222-53	Exemption From Application of the Service Contract Act to Contracts for Certain Services – Requirements
52.223-3	Hazardous Material Identification and Material Safety Data
52.223-7	Notice of Radioactive Materials***
52.223-11	Ozone-Depleting Substances
52.223-12	Refrigeration Equipment and Air Conditioners
52.223-18	Encouraging Contractor Policies to Ban Text Messaging While Driving (applies to Purchase Orders over \$3,000)
52.225-1	Buy American Act – Supplies
52.225-8	Duty-Free Entry
52.225-13	Restrictions on Certain Foreign Purchases**
52.225-20	Prohibition on Conducting Restricted Business Operations in Sudan
52.225-26*	Contractors Performing Private Security Functions Outside the United States (as applicable in accordance with paragraph (f))

52.227-3	Patent Indemnity***
52.227-9	Refund of Royalties (applies if royalties reported during the negotiation of the Purchase Order exceed \$250)
52.227-10	Filing of Patent Applications – Classified Subject Matter**
52.227-11	Patent Rights – Ownership by the Contractor** (applies to subcontracts for experimental, developmental, or research work performed by a small business concern or domestic non-profit organization; reports required by this clause shall be filed with the agency identified by the Buyer’s Procurement representative on the face of this Purchase Order)
52.227-14	Rights in Data – General (does not apply if DFARS 252.227-7013 applies; certain other exceptions apply – e.g., work is to be performed outside the U.S.)
52.227-19	Commercial Computer Software License (only applies for the acquisition of commercial computer software; does not apply under Department of Defense procurements)
52.228-3	Worker’s Compensation Insurance (Defense Base Act)
52.232-40*	Providing Accelerated Payments to Small Business Subcontractors
52.233-3	Protest After Award (in the event Buyer’s Customer has directed Buyer to stop performance of the Work under the Prime Contract under which this Purchase Order is issued pursuant to FAR 33.1, Buyer may, by written order to Seller, direct Seller to stop performance of the work called for by this Purchase Order; in paragraph (b)(2), “30 days” means “20 days”; in paragraph (f), add after “33.104(h)(1)” “and recovers those costs from Buyer”; the first reference to “Government” shall mean “Government”)
52.234-1	Industrial Resources Developed Under Defense Production Act Title III
52.236-13	Accident Prevention
52.242-15	Stop Work Order (the words “ninety (90) days” are changed to “one hundred (100) days” and the words “thirty (30) days” are changed to “twenty (20) days” whenever they appear)
52.243-1	Changes – Fixed Price (Alternative I applies if the Purchase Order is only for services; Alternative II applies if the Purchase Order is for supplies and services)
52.244-5	Competition in Subcontracting
52.244-6	Subcontracts for Commercial Items
52.245-1	Government Property (“Contracting Officer” means “Buyer” except in the definition of Property Administrator and in paragraph (h)(1)(iii) where it is unchanged, and in paragraphs (c) and (h)(4) where it includes “Buyer”; “Government” is unchanged in the phrases “Government property” and

“Government furnished property” and where elsewhere used except in paragraph (d)(1) where it means “Buyer” and except in paragraphs (d)(2) and (g) where it means “Government and Buyer”; the following is added as paragraph (n): “Seller shall immediately notify Buyer in writing if the government or other customer (i) revokes its assumption of loss under any direct contracts with Seller or (ii) makes a determination that Seller’s property management practices are inadequate, and/or present an undue risk, or that Seller has failed to take corrective action when required”)

- 52.245-2 Government Property Installation Operation Services (“Government” means “Government” and/or “Buyer” except in the phrase “Government property”)
- 52.245-9 Use and Changes (“Government” means “Government” and/or “Buyer” except in the phrase “Government property”)
- 52.246-2 Inspection of Supplies – Fixed Price (“Government” means “Buyer and Government” except in paragraph (b) the second time “Government” appears and in paragraphs (f), (h), (j), and (l))
- 52.246-4 Inspection of Services – Fixed Price (in paragraphs (b), (c), and (d), “Government” means “Buyer and Government”)
- 52.246-16 Responsibility for Supplies
- 52.247-63 Preference for U.S. Flag Air Carriers
- 52.247-64* Preference for Privately Owned U.S.-Flag Commercial Vessels
- 52.249-2 Termination for Convenience of the Government (Fixed Price) (“Government” means “Buyer or Government” the first time it appears in paragraphs (b)(4) and (b)(6), in all of (b)(8), and the second time it appears in (d); in paragraph (n), “Government” means “Buyer and Government”; in paragraph (c), “120” is changed to “60”; in paragraph (d), “15 days” is changed to “30 days” and “45 days” is changed to “60 days”; in paragraph (e), “1 year” is changed to “6 months” and “1-year” is changed to “6-month”; paragraph (j) is deleted; in paragraph (l), “90 days” is changed to “45 days”; settlements and payments under this clause may be subject to Contracting Officer approval)

B. Orders Over \$10,000 Shall Also Include the Following:

- 52.222-40* Notification of Employee Rights Under the National Labor Relations Act (if Seller is an international contractor, this clause applies only if work under the Purchase Order will be performed in the United States or Seller is recruiting employees in the United States to work on the Purchase Order)

C. Orders Over \$15,000 Shall Also Include the Following:

- 52.222-20 Walsh-Healy Public Contracts Act

52.222-36* Equal Opportunity for Workers with Disabilities

D. Orders Over \$25,000 Shall Also Include the Following:

52.204-10 Reporting Executive Compensation and First-Tier Subcontract Awards
(subparagraph (d)(2) does not apply)

E. Orders Over \$100,000 Shall Also Include the Following:

52.222-35* Equal Opportunity for Veterans

52.222-37 Employment Reports on Veterans (applies to contracts containing FAR
Clause 52.222-35, except for contracts for commercial items)

52.223-14 Toxic Chemical Release Reporting (paragraph (e) does not apply)

F. Orders Over \$150,000 Shall Also Include the Following:

52.203-3 Gratuities** (the term "agency head" shall mean "Buyer")

52.203-5 Covenant Against Contingent Fees

52.203-6 Restrictions on Subcontractor Sales to the Government (for commercial
items, Alternate I applies)

52.203-7 Anti-Kickback Procedures (paragraph (c)(1) does not apply)

52.203-12 Limitation on Payments to Influence Certain Federal Transactions**

52.203-16 Preventing Personal Conflicts of Interest

52.203-17 Contractor Employee Whistleblower Rights and Requirement to Inform
Employees of Whistleblower Rights

52.215-2 Audit and Records – Negotiation** (applies if Purchase Order exceeds
threshold for submission of cost or pricing data at FAR 15.403-4(a)(1))

52.215-14 Integrity of Unit Prices (paragraph (b) does not apply; does not apply to
construction or architect-engineer services under FAR Part 36, utility
services under FAR Part 41, services where supplies are not required,
commercial items, and petroleum products)

52.215-23 Limitations on Pass-Through Changes

52.219-8* Utilization of Small Business Concerns (applies when Purchase Order offers
further subcontracting opportunities)

52.222-4 Contract Work Hours and Safety Standards Act – Overtime Compensation
(paragraphs (a) through (d) apply only if Purchase Order requires)

	employment of laborers or mechanics)
52.222-54	Employment Eligibility Verification
52.227-1	Authorization and Consent** (applies only if this clause is in the prime contract; use Alternate I for Research and Development solicitations and contracts for which primary purpose is Research and Development work)
52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement***
52.228-5	Insurance – Work on a Government Installation (applies only if work on a Government installation)
52.229-3	Federal, State, and Local Taxes
52.229-4	Federal, State, and Local Taxes (State and Local Adjustments)
52.229-6	Taxes – Foreign Fixed-Price Contracts (applies only if the prime contract is to be performed wholly or partly in a foreign country)
52.229-7	Taxes – Fixed-Price Contracts with Foreign Governments (applies only under a prime contract with a foreign government)
52.229-8	Taxes - Foreign Cost-Reimbursement Contracts (applies only if the prime contract is to be performed wholly or partly in a foreign country)
52.229-9	Taxes – Cost-Reimbursement Contracts with Foreign Governments (applies only under a prime contract with a foreign government)
52.232-17	Interest
52.248-1	Value Engineering (in paragraph (c)(5), “Government” means “Buyer and Government”; in paragraph (m), “Government” remains unchanged; “Government” remains unchanged in the phrase “Government costs” throughout)

G. Orders Over \$650,000 Shall Also Include the Following:

52.219-9	Small Business Subcontracting Plan
52.219-16	Liquidated Damages – Subcontracting Plan

H. Orders Over \$700,000 and/or the Applicable Cost or Pricing Data Threshold Shall Also Include the Following:

52.214-26	Audit and Records – Sealed Bidding
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- 52.214-27 Price Reduction for Defective Cost or Pricing Data – Modifications – Sealed Bidding (in paragraph (d), the term “Contracting Officer” does not change; Seller shall provide cost or pricing data and execute a Certificate of Current Cost or Pricing Data in substantially the form prescribed in the FAR)
- 52.214-28 Subcontractor Cost or Pricing Data – Modifications – Sealed Bidding (applicable if this Purchase Order, at the time it was entered into, exceeded the threshold for submission of certified cost or pricing data at FAR 15.403-4(a)(1))
- 52.215-15 Pension Adjustments and Asset Reversions
- 52.215-18 Reversion or Adjustment of Plans for Post-Retirement Benefits Other than Pensions
- 52.215-19 Notification of Ownership Changes
- 52.215-20 Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost of Pricing Data*** (Required for Purchase Orders for commercial items in accordance with FAR 52.244-6(c)(2))
- 52.215-21 Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data – Modifications*** (Required for Purchase Order modifications for commercial items in accordance with FAR 52.244-6(c)(2))

I. Unless Otherwise Exempt, Also Include the Following:

- 52.203-13* Contractor Code of Business Ethics and Conduct (applies to contracts exceeding \$5,000,000 with a period of performance greater than 120 days; disclosures under this clause shall be made directly to the Government entities identified in the clause)
- 52.203-14 Display of Hotline Posters (applies to contracts exceeding \$5,000,000 except when the contract is (1) for commercial items, or (2) is performed entirely outside the United States)
- 52.209-6 Protecting Government Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (applies to Purchase Orders exceeding \$30,000)
- 52.215-10 Price Reduction for Defective Certified Cost or Pricing Data (applies if the prime contract was awarded through negotiations and certified cost or pricing data is required; in paragraph (c), the term “Contracting Officer” does not change; Seller shall provide cost or pricing data and execute a Certificate of Current Cost or Pricing Data in substantially the form prescribed in the FAR)
- 52.215-11 Price Reduction for Defective Certified Cost or Pricing Data – Modifications (applies if certified cost or pricing data is required for the pricing of modifications; Seller shall provide cost or pricing data and execute a Certificate of Current Cost or Pricing Data in substantially the form

prescribed in the FAR)

- 52.215-12 Subcontracting Certified Cost or Pricing Data (applies if the Purchase Order, when entered into, exceeds the threshold for submission of cost or pricing data at FAR 15.403-4(a)(1), and cost or pricing data is required to be submitted in connection with the award of the Prime Contract; in paragraph (d), the term “Contracting Officer” does not change)
- 52.215-13 Subcontractor Certified Cost or Pricing Data – Modifications (applies if the Purchase Order, when entered into, exceeds the threshold for submission of cost or pricing data at FAR 15.403-4(a)(1), and when FAR 52.215-11 is included)
- 52.222-24 Pre-Award On-site Equal Opportunity Compliance Evaluation
- 52.225-3 Buy American Act – Free Trade Agreements – Israeli Trade Act
- 52.222-5 Trade Agreements
- 52.225-19 Contractor Personnel in a Designated Operational Area
- 52.227-13 Patent Rights – Ownership By the Government** (applies in Purchase Orders for experimental, developmental, or research work where Seller is not located in the United States or does not have a place of business located in the United States or is subject to the control of a foreign government; paragraph (g) is deleted; Seller has all rights and obligations to the Buyer in the clause; reports required by this clause shall be filed with the agency identified by the DRS procurement representative identified on the face of this Order)
- 52.229-10 State of New Mexico Gross Receipts and Compensating Tax
- 52.234-4 Earned Value Management System
- 52.243-6 Change Order Accounting
- 52.243-7 Notification of Changes

J. Applicable to Cost-Reimbursement, Time and Material, or Labor Hour Purchase Orders:

- 52.216-7 Allowable Cost and Payment (applies to cost reimbursement and time-and-materials Purchase Orders; Seller agrees to execute assignment documents in order to comply with subsection (h))
- 52.216-8 Fixed-Fee (applies to cost-plus-fixed-fee Purchase Orders)
- 52.216-10 Incentive Fee (applies to cost-plus-incentive-fee Purchase Orders)
- 52.216-11 Cost Contract – No Fee (applies to cost-reimbursement no fee Purchase Orders)

- 52.216-12 Cost Sharing Contract – No Fee (applies to cost-reimbursement Purchase Orders that provide no fee and are not a cost-sharing arrangement)
- 52.222-2 Payment for Overtime Premiums (insert “0%” in paragraph (a) unless indicated otherwise on the face of the Purchase Order)
- 52.228-7 Insurance – Liability to Third Persons
- 52.232-7 Payments Under Time-and-Materials and Labor-Hour Contracts (applies if the prime contract is a labor-hour or time-and-materials contract; the third sentence of paragraph (a)(8) is deleted; in paragraph (f), “120 days” is changed to “60 days” and in paragraph (g)(2), “6 years” is changed to “five years”; paragraph (c) and (i) are deleted)
- 52.232-20 Limitation of Cost (applies if the Purchase Order is fully funded)
- 52.232-22 Limitation of Funds (applies if the Purchase Order is incrementally funded)
- 52.242-1 Notice of Intent to Disallow Costs
- 52.242-3 Penalties for Unallowable Costs
- 52.243-2 Changes – Cost Reimbursement
- 52.243-3 Changes – Time-and-Material or Labor-Hours
- 52.244-2 Subcontracts (paragraphs (h) and (i) only apply)
- 52.246-3 Inspection of Supplies – Cost Reimbursement (in paragraphs (b), (c), and (d), “Government” means “Buyer and Government” and in paragraph (k), “Government” means “Government”; in paragraph (e), change “60 days” to “120 days,” and in paragraph (f), change “6 months” to “12 months”)
- 52.246-5 Inspection of Services – Cost Reimbursement (in paragraphs (b) and (c), “Government” means “Buyer and Government”)
- 52.246-6 Inspection – Time-and-Material and Labor-Hours (in paragraphs (b), (c), and (d), “Government” means “Buyer and Government”)
- 52.249-6 Termination (Cost Reimbursement) (in paragraph (d), substitute “90 days” for “120 days” and “90-day” for “120-day”; in paragraph (f), substitute “180 days” for “1 year”; in paragraph (i), “right of appeal,” “timely appeal,” and “on an appeal” shall mean the right to proceed under the “Disputes” clause of this Purchase Order; settlements and payments under this clause may be subject to the approval of the Contracting Officer; Alternative IV applies if this is a time and material or labor hours Purchase Order.)

K. Certifications

The Seller, by signing its offer, hereby certifies compliance with the following clauses and is therefore eligible for award.

52.203-11	Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions (applies if Purchase Order exceeds \$150,000)
52.209-5	Certification Regarding Responsibility Matters (applies if Purchase Order exceeds \$150,000)
52.225-2	Buy American Act
52.225-4	Buy American Act – Free trade Agreements – Israeli Trade Act
52.25-6	Trade Agreements

L. Additional Clauses:

Cost Accounting Standards (Applicable unless otherwise exempt):

52.230-2	Cost Accounting Standards (applies only when referenced in Purchase Order that full CAS coverage applies; “United States” means “United States or Buyer”; delete paragraph (b) of the clause)
52.230-3	Disclosure and Consistency of Cost Accounting Standards (applies only when referenced in Purchase Order that modified CAS coverage applies; “United States” means “United States or Buyer”; delete paragraph (b) of this clause)
52.230-6	Administration of Cost Accounting Standards (applies if FAR 52.230-2, FAR 52.230-3, FAR 52.230-4, or FAR 52.230-5 applies)

Seller shall communicate and otherwise deal directly with the Contracting Officer to the extent practicable and permissible as to all matters relating to Cost Accounting Standards. Seller shall provide Buyer with copies of all communications between Seller and the Contracting Officer respecting FAR 52.230-2 (Cost Accounting Standards) and FAR 52.230-6 (Administration of Cost Accounting Standards), provided Seller shall not be required to disclose to Buyer such communications containing information that is legally privileged and confidential to Seller. In addition to any other remedies provided by law or under this Purchase Order, Seller agrees to indemnify and hold Buyer harmless to the full extent of any loss, damage, or expense if Buyer is subject to any liability as the result of a failure of the Seller or its lower-tier subcontractors to comply with the requirements of FAR 52.230-2, 52.230-3 or 52.230-6. Paragraph (b) is deleted in each of the foregoing clauses.

M. Truth in Negotiations (Certified Cost or Pricing Data)

Unless exempt, Seller shall submit a FAR Part 15 compliant cost proposal inclusive of any appropriate updates throughout the negotiation process. At the conclusion of negotiations, and regardless of any prior certification, Seller must certify as to the accuracy, currency and completeness of its information in accordance with the FAR required Certificate of Current Cost or Pricing data.

1. Indemnification:

If any cost or price (including profit or fee) negotiated in connection with the prime contract between the Government and Buyer or any cost that is reimbursable under said contract is reduced because cost or pricing data furnished by the Seller in connection with any proposal submitted by Buyer relating to said contract or in connection with this Purchase Order was not accurate, complete, or current, the Seller shall indemnify Buyer in the amount of said reduction. The phrase “cost or pricing data” as used herein shall be deemed to include any such data related to a lower-tier prospective or actual subcontract, at any level, which was submitted by the Seller or which it procured by submission of or in connection with the aforesaid proposal or this Purchase Order in support of its cost estimate.

If any reduction of the contract price under this clause reduces the price of items for which payment was made prior to the date of the modification reflecting the price reduction, the Seller shall be liable and shall pay Buyer at the time such overpayment is repaid:

- a. Simple interest on the amount of such overpayment to be computed from the date(s) of overpayment to the Seller to the date Buyer is repaid by the Seller at the applicable underpayment rate effective for each quarter prescribed by the Secretary of the Treasury under 26 U.S.C. 6621(a)(2); and
- b. For Department of Defense contracts only, a penalty equal to the amount of the overpayment, if the Seller knowingly submitted cost or pricing data which were incomplete, inaccurate or non-current.

2. Cost or Pricing Data for Changes

Prior to the pricing of any change or other modification to this Purchase Order which involves increases and/or decreases in costs plus applicable profit expected to exceed the threshold for submission of cost or pricing data, Seller shall submit cost or pricing data and shall certify that such data, as defined in Federal Acquisition Regulation 2.101, submitted either actually or by specific identification in writing are accurate, complete and current as of the date of completion of negotiations.

When required to obtain cost or pricing data from its subcontractors, pursuant to the provisions of this Purchase Order, Seller shall obtain such data.