# PART 5316 - Types of Contracts

**2019 Edition**

*Revised: 26 Jul 21*

Table of Contents

[SUBPART 5316.1 — SELECTING CONTRACT TYPES 1](#_Toc76045029)

[5316.102 Policies 2](#_Toc76045030)

[5316.103 Negotiating Contract Type 2](#_Toc76045031)

[5316.104 Factors in Selecting Contract Types 2](#_Toc76045032)

[SUBPART 5316.203 — FIXED-PRICE CONTRACTS WITH ECONOMIC PRICE ADJUSTMENT 2](#_Toc76045033)

[5316.203-4 Contract Clauses 2](#_Toc76045034)

[SUBPART 5316.206 — FIXED-CEILING-PRICE CONTRACTS WITH RETROACTIVE PRICE REDETERMINATION 2](#_Toc76045035)

[5316.206-3 Limitations 2](#_Toc76045036)

[SUBPART 5316.3 — COST-REIMBURSEMENT CONTRACTS 2](#_Toc76045037)

[5316.301-3 Limitations 2](#_Toc76045038)

[SUBPART 5316.4 — INCENTIVE CONTRACTS 2](#_Toc76045039)

[5316.401 General 2](#_Toc76045040)

[5316.404 Fixed-Price Contracts with Award Fees 3](#_Toc76045041)

[5316.405-2 Cost-Plus-Award-Fee Contracts 3](#_Toc76045042)

[SUBPART 5316.5 — INDEFINITE-DELIVERY CONTRACTS 3](#_Toc76045043)

[5316.503 Requirements Contracts 3](#_Toc76045044)

[5316.504 Indefinite-Quantity Contracts 3](#_Toc76045045)

[5316.505 Ordering 4](#_Toc76045046)

[5316.505-90 Decentralized Ordering 4](#_Toc76045047)

[SUBPART 5316.6 — TIME-AND-MATERIALS, LABOR-HOUR, AND LETTER CONTRACTS 5](#_Toc76045048)

[5316.601(d) Limitations 5](#_Toc76045049)

[5316.603-2 Application 5](#_Toc76045050)

[5316.603-3 Limitations 5](#_Toc76045051)

## SUBPART 5316.1 — SELECTING CONTRACT TYPES

See [AF PGI 5316.101](AFFARS-PGI_PART-pgi_5316.docx#af_101).

### 5316.102 Policies

### 5316.103 Negotiating Contract Type

(d) See the tailorable [Determination and Findings](https://usaf.dps.mil/sites/AFCC/KnowledgeCenter/contracting_templates/type_of_contract.pdf) template.

### 5316.104 Factors in Selecting Contract Types

See [AF PGI 5316.104](AFFARS-PGI_PART-pgi_5316.docx).

## SUBPART 5316.203 — FIXED-PRICE CONTRACTS WITH ECONOMIC PRICE ADJUSTMENT

### 5316.203-4 Contract Clauses

See [AF PGI 5316.203-4](AFFARS-PGI_PART-pgi_5316.docx).

## SUBPART 5316.206 — FIXED-CEILING-PRICE CONTRACTS WITH RETROACTIVE PRICE REDETERMINATION

### 5316.206-3 Limitations

(d) Submit requests through the SCO to [SAF/AQC](mailto:SAF.AQ.SAF-AQC.Workflow@us.af.mil) for HCA approval (See [MP5301.601(a)(i)](MP5301.601(a)(i).docx#p53162063d)).

## SUBPART 5316.3 — COST-REIMBURSEMENT CONTRACTS

### 5316.301-3 Limitations

(2) See [MP5301.601(a)(i)](MP5301.601(a)(i).docx#p53162063d).

## SUBPART 5316.4 — INCENTIVE CONTRACTS

### 5316.401 General

(d)(i) See MP5301.601(a)(i). Forward a copy of the award fee D&F to SAF/AQC when the conditions at DFARS PGI 216.401(e)(iii) apply.

(d)(ii) See MP5301.601(a)(i). Forward a copy of the cost-reimbursement award fee D&F to

SAF/AQC when the conditions at DFARS PGI 216.401(e)(iii) apply.

(e)(3)(i) See [MP5301.601(a)(i)](AFFARS-MP_PART-mp_5301.601(a)(i).docx#p5316401e3i).

See [AF PGI 5316.401-90](AFFARS-PGI_PART-pgi_5316.docx).

See [SMC PGI 5316.401-90](AFFARS-PGI_PART-pgi_5316.docx).

### 5316.404 Fixed-Price Contracts with Award Fees

See [5316.401(e)(3)(i)](AFFARS-PART-5316.docx#p5316401e3i) above.

### 5316.405-2 Cost-Plus-Award-Fee Contracts

(1) *Award-fee pool.* Submit requests through the SCO to [SAF/AQC](mailto:SAF.AQ.SAF-AQC.Workflow@us.af.mil) for HCA approval (see [MP5301.601(a)(i)](AFFARS-MP_PART-mp_5301.601(a)(i).docx#p531640521)).

See [SMC PGI 5316.405-2-90](AFFARS-PGI_PART-pgi_5316.docx).

## SUBPART 5316.5 — INDEFINITE-DELIVERY CONTRACTS

### 5316.503 Requirements Contracts

(b)(2) Determinations for requirements contracts in an amount estimated to exceed $112M (including all options) must be approved in accordance with [5316.504(c)(1)(ii)(D)](#p5316504c1iiD).

### 5316.504 Indefinite-Quantity Contracts

(a) Description.

(2) Upon execution of the contract, an obligation shall be recorded based upon the issuance of a delivery or task order for the cost/price of the minimum quantity specified. The Government’s actual obligation must be recorded at the time of contract award. (See [DoD 7000.14-R](http://comptroller.defense.gov/Portals/45/documents/fmr/current/03/03_08.pdf), Volume 3, Chapter 8, paragraph 080604)

(c)(1)(ii)(D) *Limitation on single award contracts*.

*(1)* The SCO has the authority to make the written determination required by FAR 16.504(c)(1)(ii)(D)(1). Provide a copy of the written determination to [SAF/AQCP](mailto:SAF.AQ.SAF-AQCP.Workflow@us.af.mil).

(c)(2)(i)(A) See MP5301.601-90.

(c)(2)(i)(B) See MP5301.601-90.

(c)(2)(ii) See MP5301.601-90.

### 5316.505 Ordering

(b) *Orders under multiple award contracts*.

(1) *Fair opportunity*.

(ii) The contracting officer must use streamlined ordering procedures. SCOs must justify the use of FAR Subpart 15.3 Source Selection Procedures for any contract or task/delivery order, regardless of dollar value made in accordance with FAR 16.505. The SCO must submit justifications to [SAF/AQC](mailto:SAF.AQ.SAF-AQC.Workflow@us.af.mil) before proceeding with the source selection and/or Clearance session.

(2) *Exceptions to the fair opportunity process*. See [5306.304(a)](AFFARS-PART-5306.docx#p5306304) for the approving officials for a proposed task or delivery order using the fair opportunity exceptions at FAR 16.505(b)(2). See the tailorable [Justification for an Exception to Fair Opportunity](https://usaf.dps.mil/sites/AFCC/KnowledgeCenter/contracting_templates/fair_opportunity_exception_justification.pdf) template. For exceptions to fair opportunity that are intended for purposes of awarding a “Bridge Action” see 5306.303-90.

See [AF PGI 5316.505](AFFARS-PGI_PART-pgi_5316.docx).

See [SMC PGI 5316.505](AFFARS-PGI_PART-pgi_5316.docx).

(8) *Task-order and delivery-order ombudsman*. See [5301.91](AFFARS-PART-5301.docx#s530191).

### 5316.505-90 Decentralized Ordering

For contracts that authorize decentralized ordering (i.e., ordering by a contracting office at any other location), the contracting officer with overall responsibility for the contract must:

(a) Ensure that adequate control procedures are in place before any orders are authorized; and

(b) Exercise oversight of decentralized ordering throughout the period of performance under the contract to ensure that the procedures are followed.

See [SMC PGI 5316.505-90](AFFARS-PGI_PART-pgi_5316.docx).

See [AF PGI 5316.506](AFFARS-PGI_PART-pgi_5316.docx).

## SUBPART 5316.6 — TIME-AND-MATERIALS, LABOR-HOUR, AND LETTER CONTRACTS

### 5316.601(d) Limitations

(i)(A)*(1)(i)* For contracts (including indefinite-delivery contracts) and orders in which the portion of the requirement performed on a time-and-materials or labor-hour basis exceeds $10 million, the approval authority for the determination and findings shall be the senior contracting official within the contracting activity. This authority may not be delegated.

*(ii)* For contracts (including indefinite-delivery contracts) and orders in which the portion of the requirement performed on a time-and-materials or labor-hour basis is less than or equal to $10 million, the determination and findings shall be approved one level above the contracting officer.

(i)(A)*(2)* The SCO approved D&F and a copy of this class deviation shall be included in the contract file. Submit the D&F required pursuant to DFARS 216.601(d)(i)(A)*(2)* through the SCO to [SAF/AQC](mailto:SAF.AQ.SAF-AQC.Workflow@us.af.mil) for approval. See [MP5301.601(a)(i)](AFFARS-MP_PART-mp_5301.601(a)(i).docx#p5316601d1A2).

*(3)* See [MP5301.601(a)(i)](AFFARS-MP_PART-mp_5301.601(a)(i).docx#p53166032c3).

### 5316.603-2 Application

(c)(3) See [MP5301.601(a)(i)](AFFARS-MP_PART-mp_5301.601(a)(i).docx#p53166032c3).

### 5316.603-3 Limitations

See [MP5301.601(a)(i)](AFFARS-MP_PART-mp_5301.601(a)(i).docx#p53166033).