



## 1. PURPOSE

The purpose of this document is to provide notification policies and procedures within the SPAWAR Claimancy, when a contract termination (by default or cause) is in progress.

Related guidance can be located in CMPG Section [5.2.5 Terminations](#).

## 2. POLICY

In a commercial acquisition, default by the Contractor (or if the Contractor fails to comply with any contract terms and conditions, or fails to provide the Government, upon request, with adequate assurances of future performance), is termination for **CAUSE** [[FAR 12.403\(c\)](#)]

In non-commercial acquisitions, termination for **DEFAULT** is generally the exercise of the Government's contractual right to completely or partially terminate a contract because of the contractor's actual or anticipated failure to perform its contractual obligations [[FAR 49.4](#)].

These terms are not interchangeable.



*This policy only applies to terminations by cause, default, or subsequent withdrawal or a conversion of a termination for default to a termination for convenience; it does not apply to any other terminations for convenience.*

## 3. RESPONSIBILITIES

### 3.1 PM/Technical Code/COR



*Prepared information for entry in the [Federal Awardee Performance and Integrity Information System \(FAPIS\)](#) module of [Contractor Performance Assessment Reporting System \(CPARS\)](#) and address any termination decisions in the annual CPARS rating in accordance with [FAR 42.1503\(b\)\(2\)\(vi\)](#) (see [CPARS SCPPM](#)).*

### 3.2 Contract Specialist/PCO

All contracting activities within the SPAWAR Claimancy shall, *prior to issuance of a show cause or cure notice to the DoN AIO, immediately inform [SPAWAR HQ 2.0](#) and prior to issuance of the termination notice, immediately inform [SPAWAR HQ 2.0](#) to obtain approval.*

## 4. PROCEDURE

After this approval is granted:

### 4.1 Within 3 days

1. Within **three (3) working days** after the contracting officer issues a final termination for cause or default notice (or makes a subsequent withdrawal or a conversion of a termination for default to a termination for convenience), data must be reported via the [FAPIS](#) module of [CPARS](#) in accordance with [FAR 42.1503\(h\)](#).

### 4.2 Within 5 calendar days

1. Notification shall be provided to ASN (RD&A) within **five (5) calendar days** after issuing the termination for cause, or termination for default.
2. If the termination status changes (i.e. from termination for default to termination for convenience) likewise, the notification shall be provided to [ASN \(RD&A\)](#) within five (5) calendar days after the effective date of the change, (see [Toolbox Ref 1](#)).



4.3 Complete the SPAWAR Termination Report

- 1. Complete the form "SPAWAR Termination Report" and send via e-mail to: RDAJ&As@navy.mil, with a copy to HQ\_CONTRACTS\_POLICY@NAVY.MIL (see Toolbox Ref 4).
2. The subject line shall be formatted as "T4D: (insert contract number)".

4.4 Additional Requirements for Small Business contracts

- 1. FAR 49.402-3 (e)(4) requires that if the contractor is a small business firm, the contracting officer shall immediately provide a copy of any cure notice or show cause notice to the contracting office's small business specialist and the Small Business Administration Regional Office nearest the contractor.
2. NMCARS 5209.406-3 requires any Contracting Officer issuing a show cause or cure notice to submit a copy of the issuance to the DoN Acquisition Integrity Office (AIO) within five days by email at aio@navy.mil with the subject "PGL 209.406-3 - Poor Performance Referral." Prior to routing the copy of the issuance to the DoN AIO, the Contracting Officer must provide SPAWAR HQ 2.0 a copy of the show cause or cure notice.
3. The contracting officer should, whenever practicable, consult with the small business specialist before proceeding with a default termination (also see FAR 49.402-4).



5. APPROVALS

5.1 SPAWAR HQ 2.0

All contracting activities within the SPAWAR Claimancy shall, prior to issuance of the termination notice, immediately inform SPAWAR HQ 2.0 to obtain approval.

6. TOOLBOX

6.1 Federal

- (1) Federal Awardee Performance and Integrity Information System (FAPIS)

6.2 Navy

- (1) DASN(AP) Memorandum of 31 October 2012, Termination for Default Reporting in FAR Subpart 42.1503
(2) DASN (AP) Memorandum of 30 November 2010, Class Deviation - Congressional Notification on Significant Contract Terminations
(3) DASN (AP) Memorandum of 08August 2008, Change 08-3 NMCARS - Termination Notification
(4) DASN (AP) Contact: RDAJ&As@navy.mil
(5) Performance Assessment Report (PAR)

6.3 SPAWAR

- (1) CMPG 5.2.5 Terminations
(2) SPAWAR Termination Report
(3) SPAWAR HQ 2.0 Contact: hq\_contracts\_policy@navy.mil

7. CHANGE HISTORY

Updated material is highlighted by purple text and an Alert/New icon.

Table with 2 columns: Date, Description of Changes. Rows include June 2016 (Content formatted and reorganized to new SCPPM format) and March 2012 (Last version created in old format).