

## 42.705 Final indirect cost rates.

(a) Final indirect cost rates shall be established on the basis of-

- (1) Contracting officer determination procedure (see [42.705-1](#)), or
- (2) Auditor determination procedure (see [42.705-2](#)).

(b) Within 120 days (or longer period, if approved in writing by the contracting officer,) after settlement of the final annual indirect cost rates for all years of a physically complete contract, the contractor must submit a completion invoice or voucher reflecting the settled amounts and rates. To determine whether a period longer than 120 days is appropriate, the contracting officer should consider whether there are extenuating circumstances, such as the following:

- (1) Pending closeout of subcontracts awaiting Government audit.
- (2) Pending contractor, subcontractor, or Government claims.
- (3) Delays in the disposition of Government property.
- (4) Delays in contract reconciliation.
- (5) Any other pertinent factors.

(c)

(1) If the contractor fails to submit a completion invoice or voucher within the time specified in paragraph (b) of this section, the contracting officer may-

- (i) Determine the amounts due to the contractor under the contract; and
- (ii) Record this determination in a unilateral modification to the contract.

(2) This contracting officer determination must be issued as a final decision in accordance with [33.211](#).

- [\*\*42.705-1 Contracting officer determination procedure.\*\*](#)
- [\*\*42.705-2 Auditor determination procedure.\*\*](#)
- [\*\*42.705-3 Educational institutions.\*\*](#)
- [\*\*42.705-4 State and local governments.\*\*](#)
- [\*\*42.705-5 Nonprofit organizations other than educational and state and local governments.\*\*](#)

**Parent topic:** [Subpart 42.7 - Indirect Cost Rates](#)