

## 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](#)