

## 31.110 Indirect cost rate certification and penalties on unallowable costs.

(a) Certain contracts require certification of the *indirect cost rates* proposed for final payment purposes. See [42.703-2](#) for administrative procedures regarding the certification provisions and the related *contract clause* prescription.

(b) If *unallowable costs* are included in final *indirect cost* settlement *proposals*, penalties *may* be assessed. See [42.709](#) for administrative procedures regarding the penalty assessment provisions and the related *contract clause* prescription.

**Parent topic:** [Subpart 31.1 - Applicability](#)