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