31.201-1 Composition of total cost.

(a) The total cost, including *standard costs* properly adjusted for applicable *variances*, of a contract is the sum of the direct and *indirect costs* allocable to the contract, incurred or to be incurred, plus any allocable cost of money pursuant to 31.205-10, less any allocable credits. In ascertaining what constitutes a cost, any generally accepted method of determining or *estimating costs* that is equitable and is consistently applied *may* be used.

(b) While the total cost of a contract includes all costs properly allocable to the contract, the allowable costs to the Government are limited to those allocable costs which are allowable pursuant to part 31 and applicable agency supplements.

Parent topic: 31.201 General.