42.708 Quick-closeout procedure.

(a) The *contracting officer* responsible for contract closeout *shall* negotiate the settlement of direct and *indirect costs* for a specific contract, *task order*, or *delivery order* to be closed, in advance of the determination of final *direct costs* and indirect rates set forth in 42.705, if-

(1) The contract, *task order*, or *delivery order* is physically complete;

(2) The amount of unsettled *direct costs* and *indirect costs* to be allocated to the contract, *task order*, or *delivery order* is relatively insignificant. Cost amounts will be considered relatively insignificant when the total unsettled *direct costs* and *indirect costs* to be allocated to any one contract, *task order*, or *delivery order* does not exceed the lesser of-

(i) $1,000,000; or

(ii) 10 percent of the total contract, *task order*, or *delivery order* amount;

(3) The *contracting officer* performs a risk assessment and determines that the use of the quick-closeout procedure is appropriate. The risk assessment *shall* include-

(i) Consideration of the contractor's accounting, estimating, and purchasing systems;

(ii) Other concerns of the cognizant contract auditors; and

(iii) Any other pertinent information, such as, documented history of Federal Government approved *indirect cost rate* agreements, changes to contractor's rate structure, volatility of rate fluctuations during affected periods, mergers or *acquisitions*, special contract provisions limiting contractor's recovery of otherwise allowable *indirect costs* under cost reimbursement or time-and-materials contracts; and

(4) Agreement can be reached on a reasonable estimate of allocable dollars.

(b) Determinations of final *indirect costs* under the quick-closeout procedure provided for by the Allowable Cost and Payment clause at 52.216-7 *shall* be final for the contract it covers and no adjustment *shall* be made to other contracts for over- or under-recoveries of costs allocated or allocable to the contract covered by the agreement.

(c) *Indirect cost rates* used in the quick closeout of a contract *shall* not be considered a binding precedent when establishing the *final indirect cost rates* for other contracts.

Parent topic: Subpart 42.7 - Indirect Cost Rates