

## 49.303-4 Adjustment of indirect costs.

(a) If the contract contains the clause at [52.216-7](#), Allowable Cost and Payment, and it appears that adjustment of *indirect costs* will unduly delay final settlement, the TCO, after obtaining information from the appropriate audit agency, *may* agree with the contractor to-

(1) Negotiate the amount of *indirect costs* for the contract period for which *final indirect cost rates* have not been negotiated, or to use billing rates as final rates for this period if the billing rates appear reasonable; or

(2) Reserve any *indirect cost* adjustment in the final *settlement agreement*, pending establishment of negotiated rates under [subpart 42.7](#).

(b) When an amount of *indirect cost* is negotiated under paragraph (a)(1) of this section, the contractor *shall* eliminate the *indirect cost* and the related *direct costs* on which it was based from the total pool and base used to compute *indirect costs* for other contracts performed during the applicable accounting period.

**Parent topic:** [49.303 Procedure after discontinuing vouchers.](#)