

52.216-26 Payments of Allowable Costs Before Definitization.

As prescribed in 16.603-4(c), insert the following clause:

Payments of Allowable Costs Before Definitization (Dec 2002)

(a) *Reimbursement rate.* Pending the placing of the definitive contract referred to in this letter contract, the Government will promptly reimburse the Contractor for all allowable costs under this contract at the following rates:

(1) One hundredpercent of approved costs representing financing payments to subcontractors under fixed-price subcontracts, provided that the Government's payments to the Contractor will not exceed 80 percent of the allowable costs of those subcontractors.

(2) One hundredpercent of approved costs representing cost-reimbursement subcontracts; *provided*, that the Government's payments to the Contractor *shall* not exceed 85 percent of the allowable costs of those subcontractors.

(3) Eighty-fivepercent of all other approved costs.

(b) *Limitation of reimbursement.* To determine the amounts payable to the Contractor under this letter contract, the *Contracting Officer shall* determine allowable costs in accordance with the applicable cost principles in part 31 of the Federal *Acquisition* Regulation (FAR). The total reimbursement made under this paragraph *shall* not exceed 85 percent of the maximum amount of the Government's liability, as stated in this contract.

(c) *Invoicing.* Payments *shall* be made promptly to the Contractor when requested as work progresses, but (except for small business concerns) not more often than every 2 weeks, in amounts approved by the *Contracting Officer*. The Contractor *may* submit to an authorized representative of the *Contracting Officer*, in such form and reasonable detail as the representative *may* require, an *invoice* or voucher supported by a statement of the claimed allowable cost incurred by the Contractor in the performance of this contract.

(d) *Allowable costs.* For the purpose of determining allowable costs, the term "costs" includes-

(1) Those recorded costs that result, at the time of the request for reimbursement, from payment by cash, check, or other form of actual payment for items or services purchased directly for the contract;

(2) When the Contractor is not delinquent in payment of costs of contract performance in the ordinary course of business, costs incurred, but not necessarily paid, for-

(i) *Supplies* and services purchased directly for the contract and associated financing payments to subcontractors, provided payments determined due will be made-

(A) In accordance with the terms and conditions of a subcontract or *invoice*; and

(B) Ordinarily within 30 days of the submission of the Contractor's payment request to the Government;

(ii) Materials issued from the Contractor's stores inventory and placed in the production process for use on the contract;

(iii) Direct labor;

(iv) Direct travel;

(v) Other direct in-house costs; and

(vi) Properly allocable and allowable *indirect costs* as shown on the records maintained by the Contractor for purposes of obtaining reimbursement under Government contracts; and

(3) The amount of financing payments that the Contractor has paid by cash, check, or other forms of payment to subcontractors.

(e) *Small business concerns*. A small business concern *may* receive more frequent payments than every 2 weeks.

(f) *Audit*. At any time before final payment, the *Contracting Officer* *may* have the Contractor's *invoices* or vouchers and statements of costs audited. Any payment *may* be-

(1) Reduced by any amounts found by the *Contracting Officer* not to constitute allowable costs; or

(2) Adjusted for overpayments or underpayments made on preceding *invoices* or vouchers.

(End of clause)

Parent topic: [52.216 \[Reserved\]](#)