

243.204-70-6 Allowable Profit.

When the final price of an unpriced change order is negotiated after a substantial portion of the required performance has been completed, the head of the contracting activity shall ensure the profit allowed reflects—

- (a) Any reduced cost risk to the contractor for costs incurred during contract performance before negotiation of the final price;
- (b) Any reduced cost risk to the contractor for costs expected to be incurred during performance of the remainder of the contract; and
- (c) The extent to which costs have been incurred prior to definitization of the unpriced change order (see 215.404-71 -3 (d) (2)). The risk assessment shall be documented in the price negotiation memorandum.

Parent topic: 243.204-70 Definitization of change orders.