49.303-5 Final settlement.

- (a) The TCO *shall* proceed with the settlement and execution of a *settlement agreement* upon receipt of the audit report, if applicable, and the contract audit closing statement covering vouchered costs.
- (b) The TCO shall adjust the fee as provided in 49.305.
- (c) The final *settlement agreement may* include all demands of the Government and proposals of the contractor under the terminated contract. However, no amount *shall* be allowed for any item of cost disallowed by the Government, nor for any other item of cost of the same nature.
- (d) If an overall settlement of costs is agreed upon, agreement on each element of cost is not necessary. If appropriate, differences *may* be compromised and doubtful questions settled by agreement. An overall settlement *shall* not include costs that are clearly not allowable under the terms of the contract.

Parent topic: 49.303 Procedure after discontinuing vouchers.