

CLIENT ALERT

Interest Due On Indirect Cost Claims

Oct.21.2011

In *SRI Int'l* (Oct. 5, 2011), the ASBCA addressed for the first time in a comprehensive way the payment of contractor certified claims and Contract Disputes Act interest related to disputes about allowable indirect costs. In clarifying its original decision holding that the indirect costs at issue were allowable, the Board held that recovery of the principal amount of the contractor's claim must be accomplished through the normal indirect cost rates, not in a lump sum, and that the contractor is entitled to recover interest on the amount due on the principal amounts actually paid beginning on the date the certified claim was submitted until payment of the indirect costs was made on each contract that was covered by the claim, apparently with that interest to be paid separately to the contractor, leaving it to the parties on remand to determine how that separate payment will be accomplished.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.