

## 43.203 Change order accounting procedures.

(a) Contractors' accounting systems are seldom designed to segregate the costs of performing changed work. Therefore, before prospective contractors submit *offers*, the *contracting officer should* advise them of the possible need to revise their accounting procedures to comply with the cost segregation requirements of the *Change Order Accounting* clause at [52.243-6](#).

(b) The following categories of *direct costs* normally are segregable and accountable under the terms of the *Change Order Accounting* clause:

(1) Nonrecurring costs (*e.g.*, engineering costs and costs of obsolete or reperformed work).

(2) Costs of added distinct work caused by the *change order* (*e.g.*, new subcontract work, new prototypes, or new retrofit or backfit kits).

(3) Costs of recurring work (*e.g.*, labor and material costs).

**Parent topic:** [Subpart 43.2 - Change Orders](#)