

Part 842 - Contract Administration and Audit Services

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AUTHORITY: 40 U.S.C. 121(c); 41 U.S.C. 1702; and 48 CFR 1.301-1.304.

842.000 Scope of part.

This part applies to all contracts, whether awarded through sealed bidding or negotiation.

842.070 Definitions.

Contract administration is the coordination of actions required for the performance of a contract. This includes the contracting officer's guidance and supervision necessary to assure that the contractor fulfills all contractual obligations.

Subpart 842.1 - Contract Audit Services

842.101 Contract audit responsibilities.

(a) Contracting officers may use the support services of other agencies to the extent feasible. Examples of such services include: pre-award surveys; quality assurance and technical inspection of contract items; and review of contractors' procurement systems. Contracting officers obtaining support services from any other Government department or agency must do so on the basis of an approved negotiated interagency support agreement.

(b) An interagency support agreement is a written instrument of understanding between the parties to the agreement. The agreement should clearly state the following:

(1) The accord reached between the two parties involved, especially the obligations assumed and

the rights granted each party.

(2) The resources that both the supplying and receiving parties will provide.

(3) The funding and reimbursement arrangements.

(4) Clauses permitting revisions, modifications, or cancellation of the agreement.

842.102 Assignment of contract audit services.

[Deviation per Class Deviation 842.102, Assignment of Contract Audit Services, July 24, 2012, and a deviation extension dated September 29, 2015 and approved October 26, 2015, to authorize CFM to obtain audit services directly from GSA Schedule 520, Financial and Performance Audits contractors through September 30, 2020 (Fiscal Year 2020).]

(a) When required, contracting officers shall request the assistance of the VA Office of the Inspector General (OIG), Office of Contract Review, to provide pre- and post-award audit, review, and advisory services associated with the award or modification of:

(1) Federal Supply Schedule and other contracts awarded by the VA National Acquisition Center;

(2) Scarce medical specialist or sharing contracts awarded under the authority of 38 U.S.C. 7409 or 8153, and;

(3) Claims involving such contracts.

(b) Contracting officers may request the assistance of either the VA OIG Office of Contract Review or the Defense Contract Audit Agency (DCAA) to provide pre- and post-award audit, review, and advisory services associated with other types of contracts or claims.

(c) Alternate audit and assistance services for Construction Facilities Management (CFM)-awarded major architect-engineering services contracts. Contracting officers obtaining pre- and post-award audit, review and advisory services for award of major Architect/Engineer contracts as well as A/E Indefinite Delivery Indefinite Quantity Multiple-award contracts may obtain such services from GSA Schedule 520, Financial and Performance Audits, through fiscal year 2020.

Subpart 842.2 - Contract Administration Services

842.271 Contract clause for Government construction contract administration.

The contracting officer shall insert the clause at [852.242-70](#), Government Construction Contract Administration, in solicitations and contracts for construction expected to exceed the micro-purchase threshold for construction.

Subpart 842.7 - Indirect Cost Rates

842.705 Final indirect cost rates.

(a) Except when the quick-closeout procedures described in [FAR 42.708](#) are used, contracting officers must request audits on proposed final indirect cost rates and billing rates for use in cost reimbursement, fixed-price incentive, and fixed-price redeterminable contracts as prescribed in [FAR Subpart 42.7](#).

(b) When the quick closeout procedures are used, the contracting officers must perform a review and validation of the contractor's data for accuracy and reasonableness of the proposed rates for negotiating the settlement of indirect costs for a specific contract.

Subpart 842.8 - Disallowance of Costs

842.801 Notice of intent to disallow costs.

842.801-70 Audit assistance prior to disallowing costs.

If a contracting officer determines that costs should be disallowed during the performance of a cost reimbursement, fixed-price incentive, or fixed-price redetermination contract exceeding the thresholds specified in [FAR 15.403-4](#), the contracting officer must request audit assistance. The VAOIG shall conduct audits of contracts for health care resources and contracting officers shall request such audits directly from that office. For all other types of contracts, the contracting officer must obtain an audit control number from Acquisition Resources Service and send a formal request to conduct the audit directly to the nearest Defense Contract Audit Agency (DCAA) office, referencing the audit control number and the project number (if any).

842.803 Disallowing costs after incurrence.

Contracting officers may approve or disapprove contractors' vouchers for payment and process them to the servicing fiscal office. Such approval or disapproval must be within the limitations of the contracting officer's warrant and the contract for which the voucher is submitted must be within the contracting officer's delegation of contracting authority.

Subpart 842.12 - Novation and Change-of-Name Agreements

842.1203 Processing agreements.

Before execution of novation and change-of-name agreements, contracting officers must submit all supporting agreements and documentation to the OGC for review as to legal sufficiency.