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PREAWARD AND CONTRACT AUDIT NEEDS  
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PREAWARD AND CONTRACT AUDIT NEEDS  
General

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1. GENERAL

1.1 Introduction. The Office of the Inspector General (OIG) conducts or arranges audits of contractor's records to the extent that such audits are required by law, regulation, or sound business judgment (see 360 DM 3.7). It is the responsibility of Bureau Contracting Officers to include appropriate audit clauses in all contracts that are subject to audit and to obtain an audit of proposals and contract modifications when appropriate.

1.2 Background. Audits are conducted by the Office of the Inspector General to advise and make recommendations to Bureau Contracting Officers concerning:

A. Propriety of amounts paid, or to be paid, to contractors where such amounts are based on a cost (including modifications) or time determination or on variable features related to the results of contractor's operations;

B. Adequacy of measures taken by contractors regarding the use and safeguarding of Bureau assets under their custody or control;

C. Compliance of contractors with contractual provisions having financial implications, such as progress payments, advance payments, guaranteed loans, cash return provisions, and price adjustments;

D. Reasonableness of contractor's settlement proposals in termination of contracts (see 48 CFR Part 49.107);

E. Compliance with contract provisions; and

F. Contractor's financial condition and ability to perform or to continue to perform under Bureau contracts.

1.3 Requirement. A preaward audit shall be made for each negotiated contract and modification where the cost to the Bureau exceeds or may exceed certain amounts, unless waived by the Contracting Officer. Bureau Contracting Officers shall be responsible for strict compliance with the preaward audit requirements. The preaward audit shall not be waived without proper written justification which shall be placed in the contract file. Contracting Officers who fail to observe the requirements shall be subject to restriction of their discretionary authority to waive any preaward audit. For reference, Contracting Officers should examine 48 CFR 15.804 and 42.8 regarding the types and dollar amounts of contracts that require audit considerations.

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PREAWARD AND CONTRACT AUDIT NEEDS  
Procedure

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2. PROCEDURE

2.1 General. Requests for preaward and contract audits shall be submitted to the Office of the Inspector General.

A. Bureau Contracting Officers shall use the DI-1902 Form in Illustration 1, Request for Audit, when requesting OIG contract audit assistance.

B. The DI-1902 Form shall be completed and submitted to the referenced OIG addressee with a copy of the proposal, contract, modification, final claim, and other pertinent information, as appropriate. The OIG will contact the requesting Contracting Officer regarding future action.

2.2 Specific. Bureau Contracting Officers should refer to 360 DM 4.1 and 48 CFR Subpart 49.107 for further details on this topic.

UNITED STATES  
DEPARTMENT OF THE INTERIOR

Date \_\_\_\_\_

MEMORANDUM

To: Office of the Inspector General  
Department of the Interior  
Audit Coordinator  
18th & C Street, N.W., Room 1308  
Washington, D.C. 20240

(1) From:

(2) Subject: Request for Audit; ( ) Preaward/Postaward (including contract modifications), ( ) Interim Cost, ( ) Final Cost, ( ) Claim, ( ) Indirect Cost, ( ) Other (specify)

(3) Contractor's name and address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(4) Contract/Proposal number: \_\_\_\_\_ (5) Contract type \_\_\_\_\_

(6) Contract/Proposal/Claim amount: \_\_\_\_\_

(7) Is this an 8(a) contractor? ( ) yes ( ) no

(8) Contract completion/termination date: \_\_\_\_\_

(9) Cognizant audit agency if known: \_\_\_\_\_

(10) Technical evaluation to be furnished: ( ) yes ( ) no

(11) Requested report date: \_\_\_\_\_ Oral by: \_\_\_\_\_

(12) Person to contact for additional information: \_\_\_\_\_

\_\_\_\_\_ on \_\_\_\_\_ or FTS \_\_\_\_\_

(13) Remarks: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Signature: \_\_\_\_\_

Name (typed): \_\_\_\_\_

- Enclosures: ( ) Proposal (required prior to commencement of preaward/postaward audits or audits of claims)  
( ) Contract (required prior to commencement of final cost audits)  
( ) Final Voucher (required prior to final cost audit)  
( ) Contractor's Claim  
( ) Technical Evaluation

Supp. 27 Release 1, 6/25/85

See reverse for instructions

DI-1902  
(March 1982)

INSTRUCTIONS FOR COMPLETING REQUEST FOR AUDIT

1. Name and address of requesting office to which audit report will be addressed.
2. 3. 7. 10. 12. Self explanatory.
4. Enter contract or proposal number and delete inappropriate term, ie. "contract" or "proposal".
5. Enter type of contract, ie CPFF, CR, FFP, etc.
6. Not applicable to indirect cost audits. Delete inappropriate terms.
8. For final cost or termination settlement claim audits, enter date of contract completion or termination date and delete inappropriate term.
9. If known, enter name of the Federal audit agency having cognizance over this contractor, eg. DCAA, HHS, etc.
11. Enter date by which written and, if desired, oral report is requested. NB: All requested audits require a minimum of 30 calendar days for completion and submission of a written report.
13. Include comments on specific areas of interest to be covered by audit, reasons for audit when request is outside the parameters established by 41 CFR 1-3.809, etc.

Any questions can be directed to Joan Patterson or Gene Cole on FTS 343-1284.