

**242.7400**

**48 CFR Ch. 2 (10-1-10 Edition)**

**Subpart 242.74—Technical Representation at Contractor Facilities**

**242.7400 General.**

(a) Program managers may conclude that they need technical representation in contractor facilities to perform non-contract administration service (CAS) technical duties and to provide liaison, guidance, and assistance on systems and programs. In these cases, the program manager may assign technical representatives under the procedures in 242.7401.

(b) A technical representative is a representative of a DoD program, project, or system office performing non-CAS technical duties at or near a contractor facility. A technical representative is not—

(1) A representative of a contract administration or contract audit component; or

(2) A contracting officer's representative (see 201.602).

[70 FR 67921, Nov. 9, 2005]

**242.7401 Procedures.**

When the program, project, or system manager determines that a technical representative is required, follow the procedures at PGI 242.7401.

[70 FR 67921, Nov. 9, 2005]

**Subpart 242.75—Contractor Accounting Systems and Related Controls**

**242.7501 Policy.**

Contractors receiving cost-reimbursement or incentive type contracts, or contracts which provide for progress payments based on costs or on a percentage or stage of completion, shall maintain an accounting system and related internal controls throughout contract performance which provide reasonable assurance that—

(a) Applicable laws and regulations are complied with;

(b) The accounting system and cost data are reliable;

(c) Risk of misallocations and mischarges are minimized; and

(d) Contract allocations and charges are consistent with invoice procedures.

[60 FR 29500, June 5, 1995. Redesignated at 70 FR 67921, Nov. 7, 2005]

**242.7502 Procedures.**

(a) Upon receipt of an audit report identifying significant accounting system or related internal control deficiencies, the ACO will—

(1) Provide a copy of the report to the contractor and allow 30 days, or a reasonable extension, for the contractor to respond;

(2) If the contractor agrees with the report, the contractor has 60 days from the date of initial notification to correct any identified deficiencies or submit a corrective action plan showing milestones and actions to eliminate the deficiencies.

(3) If the contractor disagrees, the contractor should provide rationale in its written response.

(4) The ACO will consider whether it is appropriate to suspend a percentage of progress payments or reimbursement of costs proportionate to the estimated cost risk to the Government, considering audit reports or other relevant input, until the contractor submits a corrective action plan acceptable to the ACO and corrects the deficiencies. (See FAR 32.503-6 (a) and (b) and FAR 42.302(a)(7)).

[60 FR 29500, June 5, 1995. Redesignated at 70 FR 67921, Nov. 7, 2005]

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