Contract Audit Services

The Interior Business Center performs incurred cost audits for contractors with cost reimbursable contracts on behalf of our client agencies. We also perform additional contract audit services upon request.

The Interior Business Center performs audits of claimed costs incurred and submitted by contractors for reimbursement under flexibly priced contracts. These audits are performed to determine if the costs are acceptable in accordance with contract terms, Federal Acquisition Regulation (FAR), Uniform Guidance (UG) and Cost Accounting Standard (CAS) rules and regulations.

Prior to starting an audit, the contractor must submit an adequate incurred cost proposal that meets the requirements of FAR 52.216-7(d).

Following the submission of the proposal, our auditors perform an adequacy review of the submitted proposal to verify it meets the FAR requirements and is adequate for audit.

We perform a comprehensive risk assessment that will help scope the audit to ensure we are focused on the area with the highest risk.

Then, we perform the fieldwork testing to examine the contractor's cost representations and express an opinion as to whether the claimed incurred costs are allowable, allocable, and reasonable based on contract terms and regulations.

- We recommend Contracting Officers to coordinate with our office as early as possible in order for us to meet your required deadlines (i.e., prior to starting negotiations). Every audit is unique, so it is important to contact us so we can assist you in planning and obtaining timely assistance. When the audit team is engaged early, and the contractor submits an adequate submission, the audit cycle is shortened.

- Our office should be notified of a future incurred cost audit as early as possible so that we can ensure that the appropriate audit resources are available to support contractor's incurred cost proposal audit.

- The earlier our office is engaged, the better we can allocate necessary resources, prepare for your specific audit needs, and plan the schedule for the audit to support our client agencies.

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Indirect Cost Rate Negotiation Services

The Interior Business Center reviews, negotiates and approves or countersigns indirect rate agreements on behalf of our client agencies to ensure the U.S. Government pays indirect or incurred costs that are legally reasonable, allocable, and allowable.

An indirect cost rate is a tool for determining the proportion of indirect costs each program should bear. It is the ratio (expressed as a percentage) of the indirect costs to a direct cost base.

An indirect rate negotiation process begins when the non-federal entities submit an indirect cost rate proposal with supporting documentation, including audited financial statements. The indirect cost proposal is due annually and must be submitted within six months following fiscal year closeout.

Our federal staff of accountants and auditors have years of experience negotiating indirect cost rates. As part of our support to client agencies, we offer guidance to non-federal entities for initiating a Rate Negotiation Process, and preparing and submitting an Indirect Cost Proposal.

OUR FEDERAL PARTNERS

We serve the federal financial assistance grants and acquisition contracts community. We negotiate with organizations that receive the majority of their federal funding from the Department of the Interior – or are designated by the Office of Management and Budget to negotiate with the Department of the Interior – such as insular areas and tribal governments.

We also negotiate with various nonprofit organizations on behalf of federal agencies or departments through interagency agreements. Some agencies we support:

- Environmental Protection Agency
- Department of State
- National Science Foundation
- Department of Agriculture
- Institute of Museums and Library Services
- National Endowment for the Arts
- National Endowment for the Humanities
- Department of the Treasury
- Department of Commerce
- National Aeronautics and Space Administration
- Department of Defense
- Department of Homeland Security