

# **Part 542 - Contract Administration and Audit Services**

542.001 Definitions.

Subpart 542.1 - Contract Audit Services

542.102 Assignment of contract audit services.

Subpart 542.2 - Contract Administration Services

542.202 Assignment of contract administration.

Subpart 542.3 - Contract Administration Office Functions

542.302 Contract administration functions.

Subpart 542.11 - Production Surveillance and Reporting

542.1107 Contract clause.

Subpart 542.12 - Novation and Change-of-Name Agreements

542.1203 Processing agreements.

Subpart 542.15 - Contractor Performance Information

542.1500 Scope of subpart.

542.1501 General.

542.1502 Policy.

542.1502-70 Internal acquisition policy, procedure, and guidance.

542.1570 Roles and responsibilities.

542.1570-1 Heads of the Contracting Activities (HCAs) responsibilities.

542.1570-2 Contracting Officer responsibilities.

542.1570-3 Contracting Officer's Representative responsibilities.

542.1570-4 GSA CPARS Department Point of Contact responsibilities.

542.1570-5 Reviewing official responsibilities.

542.1570-6 GSA CPARS Agency Points of Contact responsibilities.

542.1570-7 CPARS Focal Points responsibilities.

## Subpart 542.70 - Audit of Contractor's Records

### 542.7001 General.

### 542.7002 Purpose of audit.

### 542.7003 Additional internal controls.

### 542.7004 Releasing or withholding of audit reports.

**Parent topic:** General Services Administration Acquisition Manual

## **542.001 Definitions.**

## **Subpart 542.1 - Contract Audit Services**

### **542.102 Assignment of contract audit services.**

(a) The contracting officer shall request all audit services through the Assistant Inspector General for Auditing or the Regional Inspector General for Auditing, as appropriate.

(b) The contracting officer must follow the procedures set out in GSA Order ADM 2030.2, Internal Audit Follow-up Handbook, for handling contract audit reports.

## **Subpart 542.2 - Contract Administration Services**

### **542.202 Assignment of contract administration.**

(a) Assignment of contract administration is the process whereby identified functions, duties, or responsibilities related to the administration of contracts are assigned to either a contract administration office (CAO) or an administrative contracting officer (ACO) within a contracting office.

(b) Each contracting director must establish procedures that ensure that qualified personnel perform contract administration activities in an effective manner. Usually, the PCO or the ACO in the contracting office performs these activities (but see paragraphs (c) - (d) of this section).

(c) If it is more efficient, management may establish a separate CAO. Consider each of the following:

(1) The nature and complexity of the contract.

(2) The need to perform contract administration at or near the contractor's facility or the place of performance.

(3) The availability of resources.

(d) The contracting officer may designate one or more representatives to perform specified functions such as quality assurance, production, price analysis, finance and various engineering and technical specialties. The contracting officer's representatives (CORs) may not enter into or modify a contract or otherwise perform functions reserved for a contracting officer (except see 543.202 for construction contracts).

(e) If the contracting officer delegates contract administration to an ACO or designates a contracting officer's technical representative (COTR) or contracting officer's representative (COR), then provide the contractor with the name of the ACO and any representative and identify the functions each is authorized to perform.

(f) The contracting officer may provide or make available to the ACO a complete copy of the contract file. The contracting officer may provide each COR and COTR with the contract file information they need to perform their duties

(g) The contracting officer may delegate to an ACO functions other than those listed in FAR 42.302 and 542.302 Contract administration functions, after obtaining approval from the Senior Procurement Executive. The contracting officer may submit requests through the HCA. If approved, the contracting officer should follow FAR 42.202(c).

## **Subpart 542.3 - Contract Administration Office Functions**

### **542.302 Contract administration functions.**

(a) Assignment of contract administration office functions is the process whereby identified functions, duties, or responsibilities related to the administration of contracts are assigned to a contract administration office (CAO) or an administrative contracting officer (ACO) within a contracting office.

(b) Usually, the CO or the ACO in the contracting office performs these activities (but see paragraphs (c) - (g) of this section).

(c) If it is more efficient, management may establish a separate CAO. Consider each of the following:

(1) The nature and complexity of the contract.

(2) The need to perform contract administration at or near the contractor's facility or the place of performance.

(3) The availability of resources.

(d) The contracting officer may designate one or more representatives to perform specified functions such as quality assurance, production, price analysis, finance and various engineering and technical specialties. The contracting officer's representative (COR or COTR) may not enter into or modify a contract or otherwise perform functions reserved for a contracting officer (except see 543.202). However, the authority to issue in-scope change orders not exceeding \$25,000 may be delegated to a COTR assigned to construction contracts. See 543.202 and 501.603-2(d).

(e) If the contracting officer delegates contract administration to an ACO or designates a contracting officer's technical representative (COTR) or contracting officer's representative (COR), then the

contracting officer must provide the contractor with the name of the ACO and any representative and identify the functions each is authorized to perform.

(f) The contracting officer shall provide or make available to the ACO a complete copy of the contract file and provide each COR and COTR with the contract file information needed to perform assigned duties.

(g) ACO functions other than those listed in FAR 42.302 may be delegated if the Senior Procurement Executive approves. Such requests must be submitted through the HCA. If approved, follow FAR 42.202(c).

(h) Credentials and Access Management. See section [504.1370 GSA Credentials and Access Management Procedures](#) for credentials and access management contract administration requirements on contracts or orders including FAR clause at 52.204-9, Personal Identity Verification of Contractor Personnel and GSAR clause at [552.204-9](#), Personal Identity Verification Requirements.

## **Subpart 542.11 - Production Surveillance and Reporting**

### **542.1107 Contract clause.**

Insert the clause at [552.242-70](#), Status Report of Orders and Shipments, in solicitations and contracts when a requirements or indefinite quantity and requirements contract for Stock or Special Order Program items is contemplated. The clause may be used in indefinite-delivery definite-quantity contracts for Stock or Special Order Program items when close monitoring is necessary because numerous shipments are involved.

## **Subpart 542.12 - Novation and Change-of-Name Agreements**

### **542.1203 Processing agreements.**

Contracting officers should process agreements as soon as a complete package has been received from the contractor. If the proposed successor is a large business and the contract was originally awarded under a small business set-aside, the contracting officer shall—

(a) Notify and solicit comments from the SBTA (see FAR 42.1203(b) and (c)); and

(b) Not recognize the proposed successor if—

(1) The conclusion is that the transaction is intended to circumvent the requirements and objectives of the small business program; or

(2) If a MAS contract is involved and other MAS small business contracts exist for the same special item number(s); and

(c) Cancel the set-aside items if a MAS contract is involved and the contract has both set-aside and non-set-aside special item numbers, then process the novation request for the non-set-aside items.

## Subpart 542.15 - Contractor Performance Information

### 542.1500 Scope of subpart.

This subpart provides supplemental policies and procedures for FAR subpart 42.15.

### 542.1501 General.

The Contractor Performance Assessment Rating System (CPARS) is the official source for past performance information and integrity information (integrity information was formerly captured by the Federal Awardee Performance and Integrity Information System (FAPIIS)).

(a) *CPARS roles.* The following roles are required by the CPARS system and support the processes for collecting and maintaining contractor performance information and integrity information as required by FAR [subpart 42.15](#) and this subpart. The individuals performing these roles must be government employees. See 542.1570 for a description of the responsibilities for each of these roles.

(1) *GSA CPARS Department Point of Contact.* The Senior Procurement Executive (SPE), or designee, designates a GSA CPARS Department Point of Contact.

(2) *CPARS Agency Points of Contact.* Each Service (i.e., FAS and PBS) and each Staff Office with contracting responsibilities (e.g., OAS) shall designate CPARS Agency Points of Contact. Any update to CPARS Agency Points of contact shall be coordinated with the GSA CPARS Department Point of Contact.

(3) *CPARS Focal Point.* Each contracting office shall designate a primary and alternate CPARS Focal Point. A CPARS Focal Point may Page 6 of 11 oversee more than one contracting office. Any updates to a CPARS Focal Point shall be coordinated with the applicable CPARS Agency Point of Contact.

(b) *CPARS Resources.* Information about CPARS is available at:

(1) The CPARS website at <https://www.cpars.gov>.

(2) The CPARS topic page on the GSA Acquisition Portal at <https://insite.gsa.gov/acquisitionportal>. This Acquisition Portal page also identifies the GSA CPARS Department Point of Contact and CPARS Agency Points of Contact.

### 542.1502 Policy.

(a) *FAR Deviation.* Past performance evaluations for regulated utility contracts and orders procured on a non-competitive basis in accordance with FAR part 41 shall not be entered into CPARS. Performance issues shall be reported directly to the applicable independent regulatory bodies as described in [FAR 41.103\(a\)\(1\)](#).

(b) Failure to return personal identity verification (PIV) cards or other Government Furnished Equipment. The Contracting Officer shall comply with [504.1370](#) when a contractor fails to return a PIV card or other Government Furnished Equipment (GFE).

## **542.1502-70 Internal acquisition policy, procedure, and guidance.**

Heads of Contracting Activities (HCAs), consistent with their delegated authority (see [501.601\(b\)\(2\)](#) and [501.370\(b\)](#)) may establish internal acquisition policies, procedures, and guidance for their respective contracting activity(ies) concerning the collection and maintenance of contractor performance information and integrity information as required by FAR [subpart 42.15](#) and this subpart. The internal acquisition policy, procedure, and guidance shall include:

(1) If applicable, requirements for reporting contractor performance evaluations for classified contracts and special access programs (see FAR [42.1503\(f\)](#)).

(2) If applicable, requirements for providing interim contractor performance evaluations (see FAR [42.1503\(a\)\(3\)](#)).

(3) Identifying and assigning contractor performance evaluation roles and responsibilities, such as identifying and assigning reviewing officials and their responsibility (e.g., reviewing disagreements regarding contractor performance evaluation). See FAR [42.1503\(d\)](#) and 542.1570-5.

## **542.1570 Roles and responsibilities.**

For the roles identified in this section, additional guidance and information can be found within the CPARS Guide and CPARS User Manual available at <https://www.cpars.gov>.

### **542.1570-1 Heads of the Contracting Activities (HCAs) responsibilities.**

HCAs' primary responsibilities consist of the following:

(a) Monitoring (e.g., monthly, quarterly) their respective activity's compliance with reporting requirements for collecting and maintaining contractor performance information and integrity information records as required by FAR [subpart 42.15](#) and this subpart. Monitoring shall include, at a minimum—

(1) Actively tracking the status and progress of the reporting of contractor performance evaluations and integrity information; and

(2) Timely identifying delinquent reporting of contractor performance evaluations and delinquent reporting of integrity information.

(b) Ensuring contractor performance evaluations are entered into CPARS completely and within applicable deadlines in accordance with FAR [42.1503](#);

(c) Ensuring integrity information is entered completely and within applicable deadlines into the CPARS integrity reporting module (formally known as FAPIIS) in accordance with FAR [42.1503\(h\)\(1\)](#);

(d) Taking timely corrective action to address instances of noncompliance;

(e) Conducting reviews to assess the quality of contractor performance evaluations and reporting of integrity information; and

(f) Ensuring personnel (e.g., contracting officer representatives, contracting officers, etc.) involved in the reporting of contractor performance evaluations and integrity information are trained on the use of CPARS and applicable requirements for reporting information into CPARS. This responsibility includes establishing a process to conduct periodic assessments to identify shortfalls and projected needs in CPARS training.

#### **542.1570-2 Contracting Officer responsibilities.**

Unless otherwise assigned, Contracting officers' primary responsibilities consist of the following:

- (a) Obtaining information, as appropriate from the program office, contracting officer's representative (COR), administrative contracting office, audit office, end users of the product or service, and any other technical or business advisor.
- (b) Reviewing past performance and integrity information available in CPARS.
- (c) Completing contractor performance evaluations in accordance with FAR [42.1503](#).
- (d) Reporting integrity information in accordance with FAR [42.1503\(h\)\(1\)](#).

#### **542.1570-3 Contracting Officer's Representative responsibilities.**

Unless otherwise assigned, CORs shall provide input, including applicable documentation, to support the evaluation of contractor performance information and integrity information as required by FAR subpart 42.15 and this subpart. This responsibility shall be included in COR appointment letters (see 501.604(e)).

#### **542.1570-4 GSA CPARS Department Point of Contact responsibilities.**

The GSA CPARS Department Point of Contact is responsible for administrative oversight of contractor performance evaluations and integrity information for GSA, such as using CPARS tools to monitor agency key performance metrics and compliance.

#### **542.1570-5 Reviewing official responsibilities.**

The reviewing official must be a Government employee. The reviewing official provides the check-and-balance when there is disagreement between the assessing official and the contractor regarding the contractor performance evaluation (see FAR [42.1503\(d\)](#)). The reviewing official is generally responsible for reviewing, providing comments (the reviewing official's comments supplement those provided by the assessing official; they do not replace the ratings/narratives provided by the assessing official), and signing the contractor performance evaluation when a contractor indicates non-concurrence with a contractor performance evaluation. The ultimate conclusion on the contractor performance evaluation is a decision of the contracting agency.

#### **542.1570-6 GSA CPARS Agency Points of Contact responsibilities.**

GSA CPARS Agency Points of Contacts are responsible for providing administrative oversight of their respective Service's or Staff Office's reporting of contractor performance evaluation and integrity information. The following are the primary responsibilities of this role—

- (a) Quarterly (or more frequent) monitoring the respective Service or Staff Office's compliance with reporting of contractor performance evaluations and integrity information as required by FAR subpart 42.15 and this subpart.
- (b) Promptly resolving any noncompliance identified through the monitoring process.
- (c) Using tools (e.g., CPARS metric and SAM.gov tools) to measure the quality and timely reporting of contractor performance and integrity information.
- (d) Providing system access to CPARS Focal Points, managers, and other authorized users as necessary, and ensuring access is timely removed or updated when appropriate.
- (e) Assigning and reassigning contracts/orders to CPARS Focal Points as needed.
- (f) Facilitating interagency contract transfers in coordination with the GSA CPARS Department Point of Contact and the CPARS Help Desk.
- (g) Providing, as needed, support to CPARS Focal Points.
- (h) Consolidating CPARS Focal Point feedback and coordinating system improvement suggestions with the GSA Department CPARS Point of Contact.
- (i) Coordinating with the GSA Department CPARS Point of Contact to remove contracts from CPARS, as needed.
- (j) Ensuring contracts not required to be reported in CPARS are tracked and managed.

#### **542.1570-7 CPARS Focal Points responsibilities.**

CPARS Focal Points are responsible for providing administrative support for their respective contracting office(s). The following are the primary responsibilities of this role—

- (a) Assigning contractor performance evaluation records to the appropriate government user.
- (b) Monitoring compliance with reporting of contractor performance evaluations and integrity information as required by FAR subpart 42.15 and this subpart.
- (c) Using tools (e.g., CPARS and SAM.gov metric tools) to measure the quality and timely reporting of contractor performance evaluations and integrity information.
- (d) Providing assistance to personnel to ensure contractor performance evaluations and reporting of integrity information are completed in a timely manner and are of high quality.



## **Subpart 542.70 - Audit of Contractor's Records**

### **542.7001 General.**

The OIG Office of Audits audits a contractor's records if required by law, regulation, or sound business judgment. These audits include periodic or special request audits necessary to determine a contractor's financial condition, adequacy of its accounting system, and integrity and reliability. The contracting officer should coordinate with technical specialists, finance and audit personnel to achieve the maximum benefits from these audits.

### **542.7002 Purpose of audit.**

The contracting officer may obtain from audits advice or recommendations on the:

- (a) Propriety of amounts paid, or to be paid, by GSA to a contractor when such amounts are based on a cost or time determination or on variable features related to the results of the contractor's operations.
- (b) Adequacy of a contractor's measures to safeguard Government property in its custody or under its control.
- (c) Contractor's compliance with contractual obligations concerning progress payments, advance payments, guaranteed loans, cash return provisions, and price adjustments.
- (d) Reasonableness of a contractor's termination settlement proposals.

### **542.7003 Additional internal controls.**

(a) The contracting officer should not rely solely on contractual audit rights. The contracting officer should establish internal controls or procedures for any flexible or variable features of these contracts:

- (1) Cost-reimbursement.
- (2) Time-and-materials or labor-hour.
- (3) Requirements or indefinite-quantity.

For example, for a time-and-materials or labor-hour contract performed at a Government facility or elsewhere, the contracting officer should provide for the review of time records. The contracting officer should provide for this review even if the contractor is subject to supervision by Government personnel.

(b) The contracting officer should establish these internal controls or procedures prior to the commencement of contract performance. Use any reasonable and reliable method or procedure that will enable the Government to determine the correctness of the charges for such matters as the time spent on the job and materials or supplies received. If needed, obtain assistance from the Assistant Inspector General for Auditing or the Regional Inspector General for Auditing.

## **542.7004 Releasing or withholding of audit reports.**

The Freedom of Information Act requires the disclosure of Government records subject to certain exceptions. The contracting officer should consult with both the Assistant Inspector General for Auditing and the GSA Office of General Counsel before releasing or withholding a contract audit report.