

ACCOUNTS, RECORDS, AND INSPECTION (AUGUST 2009)

- a. Accounts. The Contractor shall maintain a separate and distinct set of accounts, records, documents, and other evidence showing and supporting: all allowable costs incurred; collections accruing to the Contractor in connection with the work under this contract, other applicable credits, negotiated fixed amounts, and fee accruals under this contract; and the receipt, use, and disposition of all Government property coming into the possession of the Contractor under this contract. The system of accounts employed by the Contractor shall be satisfactory to DOE and in accordance with generally accepted accounting principles consistently applied.
- b. Inspection and audit of accounts and records. All books of account and records relating to his contract shall be subject to inspection and audit by DOE or its designees in accordance with the provisions of Clause, Access to and ownership of records, at all reasonable times, before and during the period of retention provided for in paragraph (d) of this clause, and the Contractor shall afford DOE proper facilities for such inspection and audit.
- c. Audit of Subcontractors' records. The Contractor also agrees, with respect to any subcontracts (including fixed-price or unit-price subcontracts or purchase orders) where, under the terms of the subcontract, costs incurred are a factor in determining the amount payable to the Subcontractor of any tier, to either conduct an audit of the Subcontractor's costs or arrange for such an audit to be performed by the cognizant government audit agency through the Contracting Officer.
- d. Disposition of records. Except as agreed upon by the Government and the Contractor, all financial and cost reports, books of account and supporting documents, system files, data bases, and other data evidencing costs allowable, collections accruing to the Contractor in connection with the work under this contract, other applicable credits, and fee accruals under this contract, shall be the property of the Government, and shall be delivered to the Government or otherwise disposed of by the Contractor either as the Contracting Officer may from time to time direct during the progress of the work or, in any event, as the Contracting Officer shall direct upon completion or termination of this contract and final audit of accounts hereunder. Except as otherwise provided in this contract, including provisions of Clause, Access to and Ownership of Records, all other records in the possession of the Contractor relating to this contract shall be preserved by the Contractor for a period of three years after final payment under this contract or otherwise disposed of in such manner as may be agreed upon by the Government and the Contractor.
- e. Reports. The Contractor shall furnish such progress reports and schedules, financial and cost reports, and other reports concerning the work under this contract as the Contracting Officer may from time to time require.
- f. Inspections. The DOE shall have the right to inspect the work and activities of the Contractor under this contract at such time and in such manner as it shall deem appropriate.
- g. Subcontracts. The Contractor further agrees to require the inclusion of provisions similar to those in paragraphs (a) through (g) and paragraph (h) of this clause in all subcontracts (including fixed-price or unit-price subcontracts or purchase orders) of any tier entered into hereunder where, under the terms of the subcontract, costs incurred are a factor in determining the amount payable to the Subcontractor.

- h. Comptroller General.
 - 1. The Comptroller General of the United States, or an authorized representative, shall have access to and the right to examine any of the Contractor's or Subcontractor's directly pertinent records involving transactions related to this contract or a subcontract hereunder and to interview any current employee regarding such transactions.
 - 2. This paragraph may not be construed to require the Contractor or Subcontractor to create or maintain any record that the Contractor or Subcontractor does not maintain in the ordinary course of business or pursuant to a provision of law.
 - 3. Nothing in this contract shall be deemed to preclude an audit by the Government Accountability Office of any transaction under this contract.
- i. Internal audit. The Contractor agrees to design and maintain an internal audit plan and an internal audit organization.
 - 1. Upon contract award, the exercise of any contract option, or the extension of the contract, the Contractor must submit to the Contracting Officer for approval an Internal Audit Implementation Design to include the overall strategy for internal audits. The Audit Implementation Design must describe –
 - i. The internal audit organization's placement within the Contractor's organization and its reporting requirements;
 - ii. The audit organization's size and the experience and educational standards of its staff;
 - iii. The audit organization's relationship to the corporate entities of the Contractor;
 - iv. The standards to be used in conducting the internal audits;
 - v. The overall internal audit strategy of this contract, considering particularly the method of auditing costs incurred in the performance of the contract;
 - vi. The intended use of external audit resources;
 - vii. The plan for audit of subcontracts, both pre-award and post-award; and
 - viii. The schedule for peer review of internal audits by other Contractor internal audit organizations, or other independent third party audit entities approved by the DOE Contracting Officer.
 - (1) By each January 31 of the contract performance period, the Contractor must submit an annual audit report, providing a summary of the audit activities undertaken during the previous fiscal year. That report shall reflect the results of the internal audits during the previous fiscal year and the actions to be taken to resolve weaknesses identified in the Contractor's system of business, financial, or management controls.
 - (2) By each June 30 of the contract performance period, the Contractor must submit to the Contracting Officer an annual audit plan for the activities to be undertaken by the internal audit organization during the next fiscal year that is designed to test the costs incurred and Contractor management systems described in the internal audit design.

- (3) The Contracting Officer may require revisions to documents submitted under paragraphs (i)(1), (i)(2), and (i)(3) of this clause, including the design plan for the internal audits, the annual report, and the annual internal audits.
- j. Remedies. If at any time during contract performance, the Contracting Officer determines that unallowable costs were claimed by the Contractor to the extent of making the Contractor's management controls suspect, or the Contractor's management systems that validate costs incurred and claimed suspect, the Contracting Officer may, in his or her sole discretion, require the Contractor to cease using the special financial institution account in whole or with regard to specified accounts, requiring reimbursable costs to be claimed by periodic vouchering. In addition, the Contracting Officer, where he or she deems it appropriate, may: Impose a penalty under 48 CFR 970.5242-1, Penalties for Unallowable Costs; require a refund; reduce the Contractor's otherwise earned fee; and take such other action as authorized in law, regulation, or this contract.