

# 5631.205-32 PreContract Costs.

*(Revised August 2017)*

(a) Pre-Contract cost authorization shall be reviewed by legal counsel and approved by the cognizant HCD or FCO before issuance. As a condition precedent to the use of a pre-contract cost agreement, the correct type of funds must be available upon issuance of the pre-contract cost agreement. Authorization must be in writing and shall address the following:

(i) The necessity for the contractor to initiate work prior to contract award

(ii) The start date of such contractor effort

(iii) The total estimated time of the advanced effort

(iv) The cost limitation

(b) Indicate on the Standard Form 26, Award/Contract, Block 15, and in Section G of any resultant contract the date pre-contract costs were approved. This notifies the payment office that the pre-contract costs are allowable and that the contractor may be reimbursed. The effective date of the contract shall be the date parties reach a bilateral agreement.

(c) Pre-contract cost authorization shall not be used to cover a period in excess of 30 days or \$100,000, unless a longer period/larger dollar threshold is approved by the HCA via a written determination and findings that such an allowance is reasonable, and shall not be extended or renewed.

(d) *(Removed August 2017).*

**Parent topic:** [5631.205 Selected Costs.](#)