

GSA ORDER

Subject: General Services Administration Acquisition Manual; GSAM Case 2020-G506,
Updated Office of Inspector General (OIG) References and Audit Guidance.

1. Purpose. This order transmits a revision to the General Services Administration Acquisition Manual (GSAM) to remove incorrect requirements for contracting officers (COs) when responding to the Office of Inspector General (OIG) audit reports. While auditor recommendations should be given full consideration, COs must make an independent business judgment before taking any action based on an OIG audit report.
2. Background. The OIG Office of Audits performs audits on behalf of COs and presents their findings in pre- and post-award contract audit reports. Currently, COs are directed to consult with the respective OIG before approving invoices or vouchers on audited contracts. This Order updates this requirement to specify that CO's are no longer required to consult with the OIG before taking contractual actions. However, COs should review and utilize the findings of the auditors and document their consideration of the findings in the contract file.
3. Effective date. Date of Signature.
4. Explanation of changes. This amendment includes non-regulatory changes. For full text changes of the amendment see Attachment A, GSAM Text Line-In/Line-Out.

This amendment revises the language of the following GSAM sections, changes summarized below:

A. 532.7201 General.

- Removes the requirement to consult with the Assistant Inspector General for Auditing or the Field Audit Office on the specified contract types. The contracts specified in 532.7201(a) are not automatically subjected to an audit.

B. 532.7203 Action upon receipt of audit report.

- Removes the requirement to furnish audit reports to the Field Audit Office. Audit reports will be furnished to the Contracting Officer with a copy to the appropriate contract finance office.
- Updates title of GSA Order in which audit resolution procedures are found: ADM P 2030.2C Audit Resolution and Followup System, Chapter 4, paragraph 3 to ADM P 2D Internal Audit Follow-up Handbook, Chapter 4.

C. 542.7003 Additional internal controls.

- Changes the point of contact of where audit assistance can be obtained from *Regional OIG Audit Office to Regional Inspector General for Auditing*.

5. Point of contact. For clarification of content, please email the GSA Acquisition Policy Division, at gsarpolicy@gsa.gov.

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ATTACHMENT A
GSAM Text, Line-In/Line-Out

GSAM Baseline: Change 111 effective 07/27/2020

- Additions to baseline made by rule are indicated by **[bold text in brackets]**
- Deletions to baseline made by rule are indicated by ~~strikethroughs~~
- Five asterisks (* * * * *) indicate that there are no revisions between the preceding and following sections
- Three asterisks (* * *) indicate that there are revisions between the material shown within a subsection

Part 532 – Contract Financing
Subpart 532.72 – Payments Under Contracts Subject to Audit

532.7201 General.

~~—(a) The contracting officer should not approve an initial invoice or voucher before having consulted with the Assistant Inspector General for Auditing or the Field Audit Office regarding cost or other supporting data as required under:~~

- ~~—(1) Cost-reimbursement type contracts.~~
- ~~—(2) The cost-reimbursement portion of fixed-price type contracts.~~
- ~~—(3) Time and materials or labor-hour contracts.~~
- ~~—(4) Fixed-price contracts providing for any of the following:~~
 - ~~—(i) Progress payments based on costs.~~
 - ~~—(ii) Advance payments.~~
 - ~~—(iii) Guaranteed loans.~~
 - ~~—(iv) Cost-based incentives or redetermination.~~

~~—(b) Except for fixed-price contracts with redetermination where no price revision (upward or downward) is to be made, the contracting officer shall not approve the final payment invoice or voucher for contracts specified in [532.7201\(a\)](#) or the final payment or settlement of other contracts subject to audit prior to:~~

- ~~—(1) Receipt and review of the contract audit report; or~~
- ~~—(2) Consultation with the Assistant Inspector General for Auditing or the Field Audit Office if no audit is to be conducted.~~

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532.7203 Action upon receipt of an audit report.

Audit reports will be furnished to the contracting officer ~~and Field Audit Office~~, with a copy to the appropriate contract finance office. Upon receipt of an audit report, pursuant to contract terms, the contracting officer is responsible for determining the allowability of all costs covered by audit. While the auditor's recommendations should be given full consideration, the contracting officer must make an independent business judgment before taking any action based on the audit report. If there is doubt or question about the auditor's recommendations, the contracting officer is required to follow the audit resolution procedures in GSA Order ADM P 2030.2C **[D]** ~~Audit Resolution and Followup System paragraph 3~~ **[Internal Audit Follow-up Handbook, Chapter 4]**.

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**Part 542 – Contract Administration and Audit Services
Subpart 542.70 – Audit of Contractor’s Records**

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542.7003 Additional internal controls.

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(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 ~~OIG Audit Office~~ **[Inspector General for Auditing]**.

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