Subpart 42.6 - Corporate Administrative Contracting Officer

Parent topic: Part 42 - Contract Administration and Audit Services

42.601 General.

Contractors with more than one operational location (*e.g.,* division, plant, or subsidiary) often have corporate-wide policies, procedures, and activities requiring Government review and approval and affecting the work of more than one administrative *contracting officer* (ACO). In these circumstances, effective and consistent contract administration *may* require the assignment of a corporate administrative *contracting officer* (CACO) to deal with corporate management and to perform selected contract administration functions on a corporate-wide basis.

42.602 Assignment and location.

(a) A CACO *may* be assigned only when (1) the contractor has at least two locations with resident ACO's or (2) the need for a CACO is approved by the *agency head* or designee (for this purpose, a nonresident ACO will be considered as resident if at least 75 percent of the ACO's effort is devoted to a single contractor). One of the resident ACO's *may* be designated to perform the CACO functions, or a full-time CACO *may* be assigned. In determining the location of the CACO, the responsible agency *shall* take into account such factors as the location(s) of the corporate records, corporate office, major plant, cognizant government auditor, and overall cost effectiveness.

(b) A decision to initiate or discontinue a CACO assignment *should* be based on such factors as the-

(1) Benefits of coordination and liaison at the corporate level;

(2) Volume of Government sales;

(3) Degree of control exercised by the contractor's corporate office over Government-oriented lower-tier operating elements; and

(4) Impact of corporate policies and procedures on those elements.

(c) Responsibility for assigning a CACO *shall* be determined as follows:

(1) When all locations of a corporate entity are under the contract administration cognizance of a single agency, that agency is responsible.

(2) When the locations are under the contract administration cognizance of more than one agency, the agencies concerned *shall* agree on the responsible agency (normally on the basis of the agency with the largest dollar balance, including *options*, of affected contracts). In such cases, agencies *may* also consider geographic location.

(d) The directory of contract administration services *components* referenced in 42.203 includes a listing of CACO's and the contractors for which they are assigned responsibility.

42.603 Responsibilities.

(a) The CACO *shall* perform, on a corporate-wide basis, the contract administration functions as designated by the responsible agency. Typical CACO functions include-

(1) The determination of *final indirect cost rates* for cost-reimbursement contracts;

(2) Establishment of advance agreements or recommendations on corporate/ home office expense allocations; and

(3) Administration of Cost Accounting Standards (CAS) applicable to corporate-level and corporate-directed accounting practices.

(b) The CACO *shall-*

(1) Fully utilize the responsible contract audit agency financial and advisory accounting services, including-

(i) Advice regarding the acceptability of corporate-wide policies; and

(ii) Advisory audit reports;

(2) Keep cognizant ACO’s and auditors informed of important matters under consideration and determinations made; and

(3) Solicit their advice and participation as appropriate.