



# Sandia National Laboratories

## Contract Audit Overview:

### Requirements of your Contract

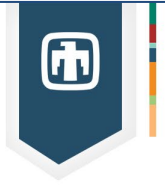
- ✓ Sandia TM/LH, Cost, and Fixed Rate contracts are subject to audit.
- ✓ Submitting an Electronic Cost Claim (ECC) on an annual basis (90 days after the company's fiscal year end)
  - Obtain latest ECC template from [Working with Sandia - Contract Audit](#)
- ✓ Detailed testing for amounts invoiced/claimed. Below you will find a list of general items that will be required during an audit, additional documentation may be requested to support costs billed to the Sandia Contract.

#### Labor:

- ✓ Labor Distribution Report of all sample selection by employee, hours and pay period
- ✓ Timesheets with evidence of approval
- ✓ Evidence each individual is an employee of the company and not a subcontractor (i.e. W-2, paystub for an employee selected for some point of the audited period, other supporting documentation; please feel free to redact PII)
  - For cost type contracts, related paystub related to the associated timesheet selected will be required.
- ✓ Evidence that employee is qualified for billed labor category (i.e., resume, personnel file information)

#### Travel:

- ✓ Travel expenses form, outlining costs for the entire trip (airfare, hotel, meals and ground transportation)
- ✓ Source documentation for all costs (invoices, itemized receipts) - a confirmation is not sufficient.
- ✓ For airfare, documentation on type of ticket (i.e., coach, "wanna get away"), and dates/times of flight.
  - Prior written justification of a higher ticket needs to be approved by SP with proof that a lower fare ticket could not be obtained (screenshots from the airlines website)
- ✓ Written prior approval for travel from Sandia SDR
- ✓ If foreign travel, proof of prior DOE approval



### **Materials/ODCs/Equipment:**

- ✓ Source documentation (3rd party invoices, itemized receipts)
- ✓ If equipment, utilized at an hourly rate, time tracking log of usage

### **Subcontractors/Consultants:**

- ✓ Supporting documentation: invoices, receipt
- ✓ If billed at hourly rate, time records to recalculate
- ✓ If billed at loaded labor rate in contract:
  - Approved time records
  - Proof of subcontractor/consultant is qualified for labor category (i.e., resume, personnel file information)

### **Indirect Rates:**

- ✓ If another agency is cognizant (such as DCAA, DCMA, ONR)
  - Indirect rate letter with rate from cognizant agency (provide, final rates if available or tentative rates if final are not available)
- ✓ If Sandia is auditing the indirect rates:
  - DCAA Incurred Costs Electronically (ICE) Model for each of the past five year
  - Financial Statements (including level of assurance i.e., audit, review, compilation, none) for the past five years.
  - General Ledger detail and/or Trial Balance for each year of the past five years, which ties directly to the submitted [ICE Model form](#)
  - Availability for questions regarding analytics (swings in account activity)
  - Source documentation on GL detail may be requested
  - Availability for questions regarding how rates are applied and how rates are applied for other non-Sandia business

## **TIPS FOR A SUCCESSFUL AUDIT**

### **✓ Read your contract (including the boilerplate)**

The boilerplates provide specific terms and conditions for the contract type placed with Sandia. Your signature page from the negotiated contract will state which boilerplate applies. It is important to note that if your contract is silent on a contracting issue, the boilerplate generally supersedes any other guidance. You can find your contract boilerplate by first going to the Subcontract Information, and then going to Section II Terms & Conditions. They can be found here: <https://www.sandia.gov/working-with-sandia/current-suppliers/subcontract-information>



- The Federal Acquisition Regulations (FARs) website gives you guidance as to cost allowability on Federal contracts. Of particular interest to you is FAR parts 15, 16 & 31. [FAR](#)
- ✓ **Become familiar with the Federal Travel Regulations (FTRs)**
  - If requested to travel, the Federal Travel Regulations (FTRs) will provide guidance on per diems (limitations on lodging and meals based on a primary work location) and general travel issues. [GSA Website](#)
  - **Foreign Travel: Written approval must be obtained from the Department of Energy (DOE) prior to any foreign travel. If foreign travel is required in the performance of the contract, it is imperative that you alert your Sandia Delegated Representative (SDR) well in advance of the trip so that the required paperwork can be completed and submitted. DOE approval is required in addition to the SDR approval; please maintain this approval with your records.**
- ✓ **Attach detail to your invoices when you submit them**
- ✓ **Communicate with your Subcontractor Professional (SP)**
  - The SP is the only person that can authorize use of funds on the contract.
  - Any required SDR and SP approvals needed, get in writing, and maintain copies.
- ✓ **Keep your receipts and timesheets**

## COMMON FINDINGS IN AN AUDIT

- ✓ **Unsupported claims or claims with no documentation**
- ✓ **Incorrect Billing Rates (Labor and Other Rates)**
- ✓ **Costs outside of the Period of Performance**
- ✓ **Costs were unallowable per the contract**
- ✓ **Charges/Costs Not Billed at Actual**
- ✓ **Error in calculating/applying indirect rates**
- ✓ **Incorrect/Unallowable/Inconsistent labor categories**
- ✓ **Travel costs exceed General Services Administration (GSA) per diem limits**