

# 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.](#)