

42.709-3 Responsibilities.

(a) The cognizant *contracting officer* is responsible for—

- (1) Determining whether the penalties in [42.709-2\(a\)](#) *should* be assessed;
- (2) Determining whether such penalties *should* be waived pursuant to [42.709-6](#); and
- (3) Referring the matter to the appropriate criminal investigative organization for review and for appropriate coordination of remedies, if there is evidence that the contractor knowingly submitted *unallowable costs*.

(b) The contract auditor, in the review and/or the determination of final *indirect cost* proposals for contracts subject to this section, is responsible for—

- (1) Recommending to the *contracting officer* which costs *may* be unallowable and subject to the penalties in [42.709-2\(a\)](#);
- (2) Providing rationale and supporting documentation for any recommendation; and
- (3) Referring the matter to the appropriate criminal investigative organization for review and for appropriate coordination of remedies, if there is evidence that the contractor knowingly submitted *unallowable costs*.

Parent topic: [42.709 Penalties for Unallowable Costs](#).