

761—201.9(473) Contract preparation and execution.

201.9(1) After the commission and other necessary authorities have approved financial assistance, the department and the applicant shall negotiate and enter into a contract that complies with all the approval terms and requirements specified. The contract shall require the applicant to indemnify the state and its officers and employees to the full extent permitted by law.

201.9(2) Prior to execution of the contract, the department may require a preaudit evaluation of the applicant. The preaudit evaluation may include, but shall not be limited to, the following:

- a.* An examination of the applicant's accounting methods and procedures to determine the applicant's ability to segregate and accumulate costs to be charged against the project.
- b.* An examination of the applicant's cost factors to assure their propriety and allowability.
- c.* An examination of any other information which may be pertinent or necessary to determine the applicant's auditability.

201.9(3) If the preaudit evaluation shows that revisions to the applicant's accounting procedures are necessary to assure that applicant's auditability, the revisions shall be made by the applicant prior to execution of the contract.

201.9(4) Rescinded IAB 8/6/03, effective 9/10/03.

201.9(5) If contract negotiations are not successfully completed within a reasonable period, the commission may withdraw its approval of financial assistance.