**Section 1300.7020 Records and Audits**

a) Retention of Books and Records

Books and records that relate to performance of an OAG contract, including subcontracts, and that support amounts charged to the OAG shall be maintained:

1) by a contractor, for three years from the date of final payment under the prime contract;

2) by a subcontractor, for three years from the date of final payment under the subcontract; and

3) by a contractor and subcontractor for such larger period of time as is necessary to complete any ongoing or announced audits.

b) Contract Audit

Types of Contracts Audited. The type of contract under which books and records should be audited is that in which price is based on costs or is subject to adjustment based on costs, or that in which auditing would be appropriate to assure satisfactory performance, such as a time and materials contract. Situations where an audit may be warranted include but are not limited to when a question arises in connection with:

1) the financial condition, integrity, and reliability of the contractor or subcontractor;

2) any prior audit experience;

3) the adequacy of the contractor's or subcontractor's accounting system;

4) the number or nature of invoices or reimbursement vouchers submitted by the contractor or subcontractor for payment;

5) the use of federal assistance funds;

6) the fluctuation of market prices affecting the contract; or

7) any other situation in which the Procurement Officer finds that such an audit is necessary for the protection of the State's best interest.

(Source: Amended at 36 Ill. Reg. 11974, effective July 13, 2012)