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TO: Chief Fiscal Officers of All State Agencies
FROM: Joe DiRocco *JD* Manager, Contract/Voucher Division
DATE: October 8, 1992
SUBJECT: New Legislation Affecting State Contracts

Public Act 87-991, which became effective on September 1, 1992, requires that every contract for the provision of goods or services shall provide that the vendor or contractor shall maintain certain records and documentation relating to the contract for a minimum of five (5) years after contract completion.

Pursuant to this law, any contract, purchase order, or order for delivery for goods or services executed on or after September 1, 1992, must contain the following provision as a term and condition:

The vendor or contractor shall maintain, for a minimum of 5 years after the completion of the contract, adequate books, records, and supporting documents to verify the amounts, recipients, and uses of all disbursements of funds passing in conjunction with the contract; the contract and all books, records, and supporting documents related to the contract shall be available for review and audit by the Auditor General; and the contractor agrees to cooperate fully with any audit conducted by the Auditor General and to provide full access to all relevant materials. Failure to maintain the books, records, and supporting documents required by this Section shall establish a presumption in favor of the State for the recovery of any funds paid by the State under the contract for which adequate books, records, and supporting documentation are not available to support their purported disbursement.

The above provision must be included in the text of the contract or included on a separate attachment that is incorporated by reference into the contract. For contracts executed on or after September 1, 1992 without the provision, the contract can be amended on a separate attachment reciting the above provision and signed by all parties to the contract. This office will monitor this new requirement for compliance. Contracts not in compliance are subject to return.

If you have any questions concerning this matter, please call me at 782-3608.

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