

# DEFENSE CONTRACT AUDIT AGENCY

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## Frequently Asked Questions: Contracting Officer

1. How can a contracting officer determine which DCAA field audit office audits a particular contractor?

**Answer:** On DCAA's website, click on "Locator" in the top menu bar of the Home page. This application allows you to find the DCAA Field Audit Office assigned to a given Commercial and Government Entity (CAGE) code, Data Universal Numbering System (DUNS) number, or Zip code.

2. How much time should the contracting officer plan for an audit?

**Answer:** There is no standard timeframe for an audit. In deciding on a reasonably achievable due date, auditors will have to consider the following:

- past audits at the contractor
- knowledge and status of contractor business systems
- scope of audit
- areas of risk
- required assist audits
- hours needed to complete the audit steps
- available audit resources
- time needed to prepare the draft report and address any management review comments

We recommend coordinating with the responsible Field Audit Office as early as possible to plan accordingly to meet procurement deadlines (i.e., prior to issuing the Request for Proposal). Every audit is unique, so it is important to contact the responsible Field Audit Office so they can assist you in planning and obtaining timely, appropriate field pricing assistance for your procurement. When the audit team is engaged early in the acquisition cycle, and the contractor submits an adequate submission, the audit cycle is shortened.

3. Can the contracting officer coordinate their proposal milestone plans with the DCAA audit team?

**Answer:** Yes – DCAA encourages contracting officers to share relevant information from the acquisition milestone plans with the responsible Field Audit Office. This coordination helps us facilitate our staffing, planning, and execution to meet your needs.

4. When can the contracting officer start engaging with DCAA on a proposal engagement?

**Answer:** DCAA should be notified of future procurements as early as possible so that the responsible Field Audit Office(s) can ensure that the appropriate audit

resources are available to support contractor's proposal audit. DCAA can be involved in the planning stages well before the release of the Request for Proposal (RFP), depending on the complexity of the proposal. We also recommend that DCAA personnel be included in procurement meetings so they can gain an understanding of the procurement, proposal, and audit expectations (subcontracts). Additionally, DCAA auditors can provide preliminary risk input based on DCAA's history with the contractor's proposals. The earlier DCAA is engaged in the procurement, the better we can allocate necessary resources, prepare for specific contracting officer audit needs, and plan the schedule for the audit to support the acquisition plan.

5. Can DCAA audit parts of a proposal?

**Answer:** Yes – DCAA will be responsive to a request for an audit of parts of a proposal as long as the proposal—or the part(s) of the proposal in question—is contractor management-approved, not a draft copy, and the request clearly and specifically establishes the parts of the proposal to be examined. For any proposal request, the contract must meet the dollar thresholds set out in DFARS PGI 215.404-2(c). As long as the total amount of the contractor's proposal meets the threshold amounts, DCAA can audit parts of the proposal even though the part specified for examination does not, in itself, meet the threshold requirements. Additionally, when a full proposal has been prepared, please include the total price proposal package with your request even though only certain parts of the proposal will be examined. Finally, DCAA encourages the contracting officer to engage in a dialog with the auditors to ensure everyone is fully aware of the impact and potential risks of limiting the audit engagement.

6. Can DCAA provide draft results to the contracting officer as they are completed prior to providing complete draft report?

**Answer:** Yes – the Field Audit Office manager may approve the release of the proposal audit draft results to the contracting officer as they are completed. This early release of draft results allows the contracting officer to start developing the negotiation position even though the final report has not been issued. The draft report will be clearly marked 'DRAFT' and also include the following or a similar statement: "Subject to change based on final management review until final report is issued."

7. Is a pre-award accounting system audit required prior to the award of a cost reimbursable contract?

**Answer:** No, it is not. FAR Part 9-106 stipulates that the preaward accounting system survey is normally required only when the information on hand or readily available to the contracting officer—including information from commercial

sources— is not sufficient to make a determination regarding contractor responsibility. Therefore, the contracting officer should try and determine the adequacy of the contractor’s accounting system prior to requesting a preaward accounting system audit. Also, FAR 9.104-6(d) provides that “[w]hen the survey activity possesses information that supports a recommendation and no special areas for investigation have been requested, the surveying activity may provide a short-form report. The short-form report shall consist solely of the Preaward Survey of Prospective Contractor (General), SF 1403.” In these circumstances, the contracting officer may award the contract without completing the SF 1408.

8. Prior to requesting a preaward accounting system survey audit, does the contractor need to prepare any type of submission?

**Answer:** DCAA recommends that the contractor read *Audit Process Overview—Information for Contractors*, Enclosure 2 (which is on DCAA’s website), and then, submit the completed the “Preaward Survey of Prospective Contractor Accounting System Checklist” to the contracting office. The contracting officer should review the checklist for accuracy and completeness. If the contracting officer determines that an audit is required because he/she does not have information on hand or readily available to make a determination regarding responsibility, then forward the contractor completed “Preaward Survey of Prospective Contractor Accounting System Checklist” with your request for audit services to the responsible DCAA Field Audit Office.

9. Can DCAA auditors answer questions, provide assistance after the report is issued, and participate in pre-negotiations/negotiations? Who pays for the DCAA auditors to attend negotiations?

**Answer:** Yes. It is DCAA’s policy to support contracting officers at pre-negotiations or negotiations where DCAA has issued an audit report on a contractor’s submission (e.g., price proposals, incurred cost submissions, termination claims). DCAA will also cover the TDY costs for its auditors to attend pre-negotiations or negotiations session(s), if any. DCAA auditors can offer negotiation help in several ways, including:

- Reconcile contractor-provided data (post-audit) to the contractor’s actual books or records
- Provide advice for responding to contractor’s rebuttal or revised estimates
- Explain and answer specific questions about the audit (computations, rationale for findings, etc.)
- Compute alternative cost or pricing scenarios using report schedules and the underlying spreadsheets for calculations

10. Can DCAA provide some examples of the different types of forward pricing audit services that it provides?

**Answer:** The types of forward pricing audit services follow:

<b>Type of Service</b>	<b>Scope of Service</b>	<b>Contractor's Supporting Documentation</b>	<b>Type of Report Statement</b>	<b>Reporting</b>	<b>CAM Cite</b>
Specific Cost Information	Provide existing data in FAO files, or additional services that can be provided in 4 hours or less	Certified cost or pricing data; data other than certified cost or pricing data	None	Non-Audit Service Telephone with written confirmation memorandum	9-107
Application of Agreed-Upon Procedures	Performance of specific procedures agreed upon in advance with the customer	Certified cost or pricing data; data other than certified cost or pricing data	Disclaimer	Report	9-108
Cost Realism Analysis	Evaluation to ascertain potential cost understatement	Data other than certified cost or pricing data	Disclaimer	Report	9-108 9-311.4
Audit of Part of a Proposal	Examination of one or more cost elements or parts of a cost element, e.g., rates or the bases, but not the entire proposal	Certified cost or pricing data on the part(s) to be examined; data other than certified cost or pricing data on the part(s) to be examined (cost information only)	Opinion only on the part(s) of the proposal examined	Report	9-108 9-209
Complete Proposal Audit	Examination of an entire proposal	Certified cost or pricing data; data other than cost or pricing data (cost information only)	Opinion on proposal as a whole	Report	Chapter 9