

DCAA SERVICES



DCAA Financial Liaison Advisor

Objectives



- DCAA Organization
- Type of Audits
 - When to Request
 - How to Request
- Financial Liaison Advisor (FLA) activities
- Summary

History of DCAA



1965 -- DCAA Was Formed by Transferring Existing Resources From Each of the Military Services Into the Newly Formed:

Defense Contract Audit Agency

Resulted in:

- A single organization that contractors deal with on contract audit matters
- One set of audit guidance -- the DCAA Contract Audit Manual

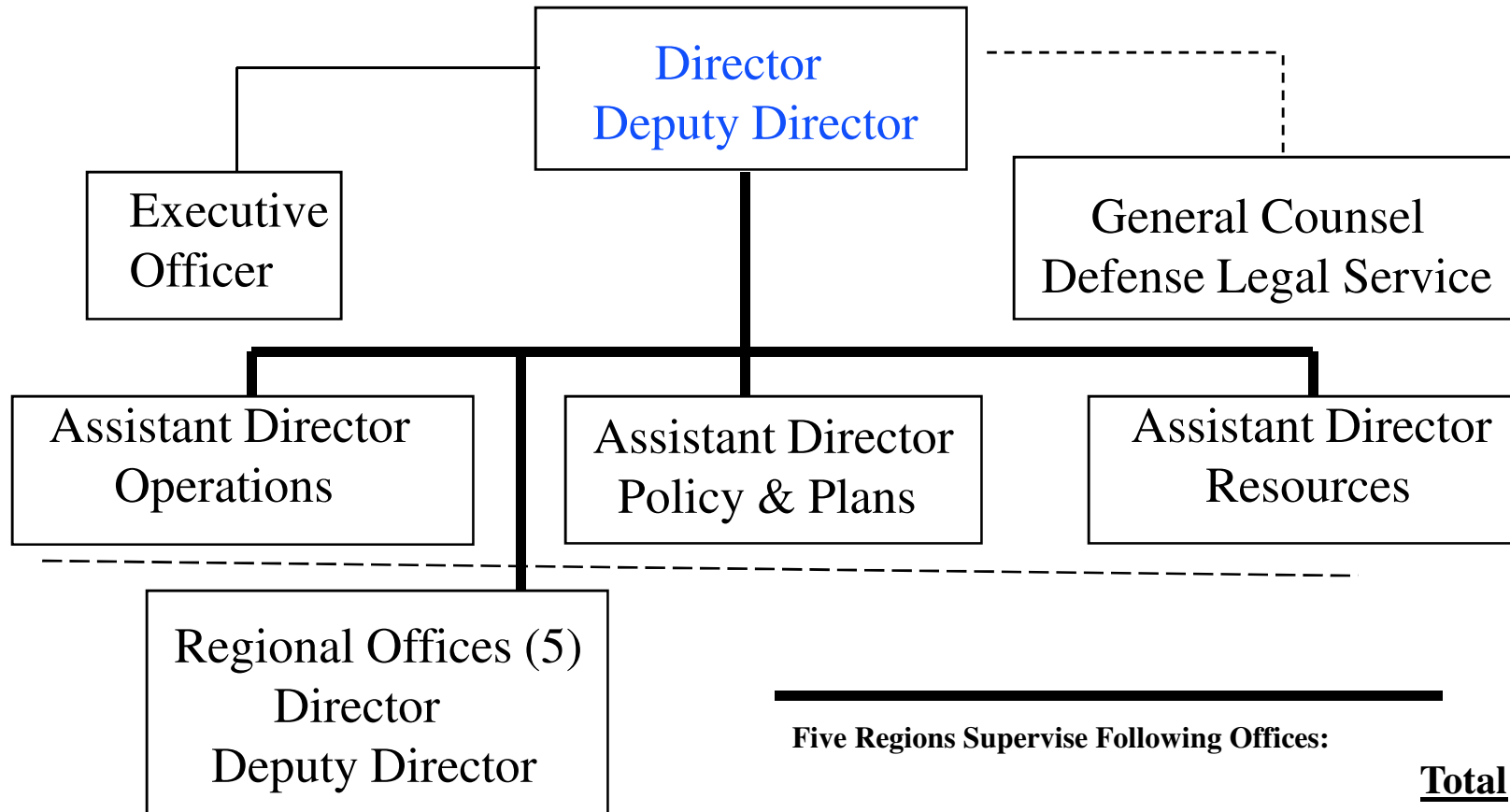
Agency Mission



DCAA shall:

- Perform all necessary contract audits for the Department of Defense and provide accounting and financial advisory services regarding **contracts** and **subcontracts** to all Department of Defense components responsible for procurement and contract administration. These services will be provided in connection with negotiation, administration and settlement of contracts and subcontracts.
- Provide contract audit service to other Government agencies as appropriate.

Defense Contract Audit Agency



Regional Offices (5)
Central, Eastern, Mid-Atlantic,
Northeastern, and Western

Five Regions Supervise Following Offices:

	<u>Total</u>
Resident Offices	18
Branch Offices	51
Suboffices (Off-site)	<u>248</u>
	317

DCAA Staffing in 2007



STAFF

Auditors	3,464
Administrative & Clerical	587
Total	4,051

PROFESSIONAL QUALIFICATIONS

CPAs	1,236
College Graduates	3,431
Advanced Degrees	873

Summary of DCAA Audit Results

Item	FY 05	FY 06	FY 07
\$'s Audited (Billions)	\$319.7	\$303.4	\$358
Net Savings (Billions)	\$2.7	\$2.3	\$2.4
Return on Investment	\$6.2 to 1	\$5.2 to 1	\$5.3 to 1

Products and Services



- Pre-award Contract Audit Services
- Post-award Contract Audit Services
- Internal Control System Audits
- Other DCAA Support Service

When to Request Audit Services



- FAR 15.404-1: Proposal Analysis Techniques

When buyer or CO cannot determine if a price is fair and reasonable

- If information is needed on:
 - Acceptability of Accounting System
 - Financial Capabilities
 - Many more

Why DCAA Reviews Costs



■ ALLOWABILITY

- **FAR 31.201-2** The cost is allowable when it is reasonable, allocable and complies with FAR 31.205, CAS (Cost Accounting Standards), laws and regulations, and terms of the contract.

■ REASONABLENESS

- **FAR 31.201-3** A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person in the conduct of competitive business.

■ ALLOCABILITY

- **FAR 31.201-4** A cost is allocable if it is assignable or chargeable to one or more cost objectives on the basis of relative benefits received or other equitable relationship... If it is incurred specifically for one contract; benefits both the contract and other work; or is necessary to the overall operation of the business.

Pre-award Price Proposals



- **Typically:**
 - **Direct Labor**
 - **Labor Overhead**
 - **Material**
 - **Material Overhead**
 - **G&A**

Pre-award Audit Services



Type of Service	Scope of Service	Type of Report Statement
Specific Cost Information	Provide existing data in FAO files, or additional services that can be provided in 4 hours or less.	Generally oral with written confirmation memo
Agreed- Upon Procedures	Performance of specific procedures agreed-upon in advance with the customer	Disclaimer
Cost Realism Analysis	Evaluation to ascertain potential cost understatement	Disclaimer
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	Opinion only on parts examined

Pre-award Audit Services



Type of Service	Scope of Service	Type of Report Statement
Complete Proposal Audit	Examination of an entire proposal	Opinion on proposal as a whole
Audit of Forward Pricing Rates	Examination of a contractor's direct and indirect rates	Opinion on rates examined

Pre-award Audit Services



- Preaward Surveys
 - Accounting System Survey
 - Financial Condition Assessment

Post-award Audit Services



- Incurred Costs/Annual Overhead Rates
- Truth In Negotiation Act Compliance
- CAS (Cost Accounting Standards) Compliance & Adequacy
- Claims/Terminations
- Financial Capability
- Voucher/Progress Payment Reviews
- Floorchecks
- Material Existence
- Contract Closing

Contractor Internal Control System Audits



- *Accounting*
- *Estimating*
- *EDP (Electronic Data Processing)*
- *Compensation*
- *Billing*
- *Budgeting*
- *Material Management*
- *Labor*
- *Purchasing*
- *Indirect and Other Direct Cost*

Other DCAA Support



- Commercial Items
 - Verify sales history
 - Verify discounts
 - Review terms and conditions

- Negotiation Support

How You Can Help Us Better Serve You



- Teaming & early involvement encouraged
- Whenever practical, use email to communicate your needs to DCAA
- Request electronic submissions from contractors
- Tailor your request to what you need -
General requests imply “look at everything”



Requesting an Audit

- Be specific
- Ask for what you need
 - Type of audit
 - System information
- Call an FLA for help

FLA Services



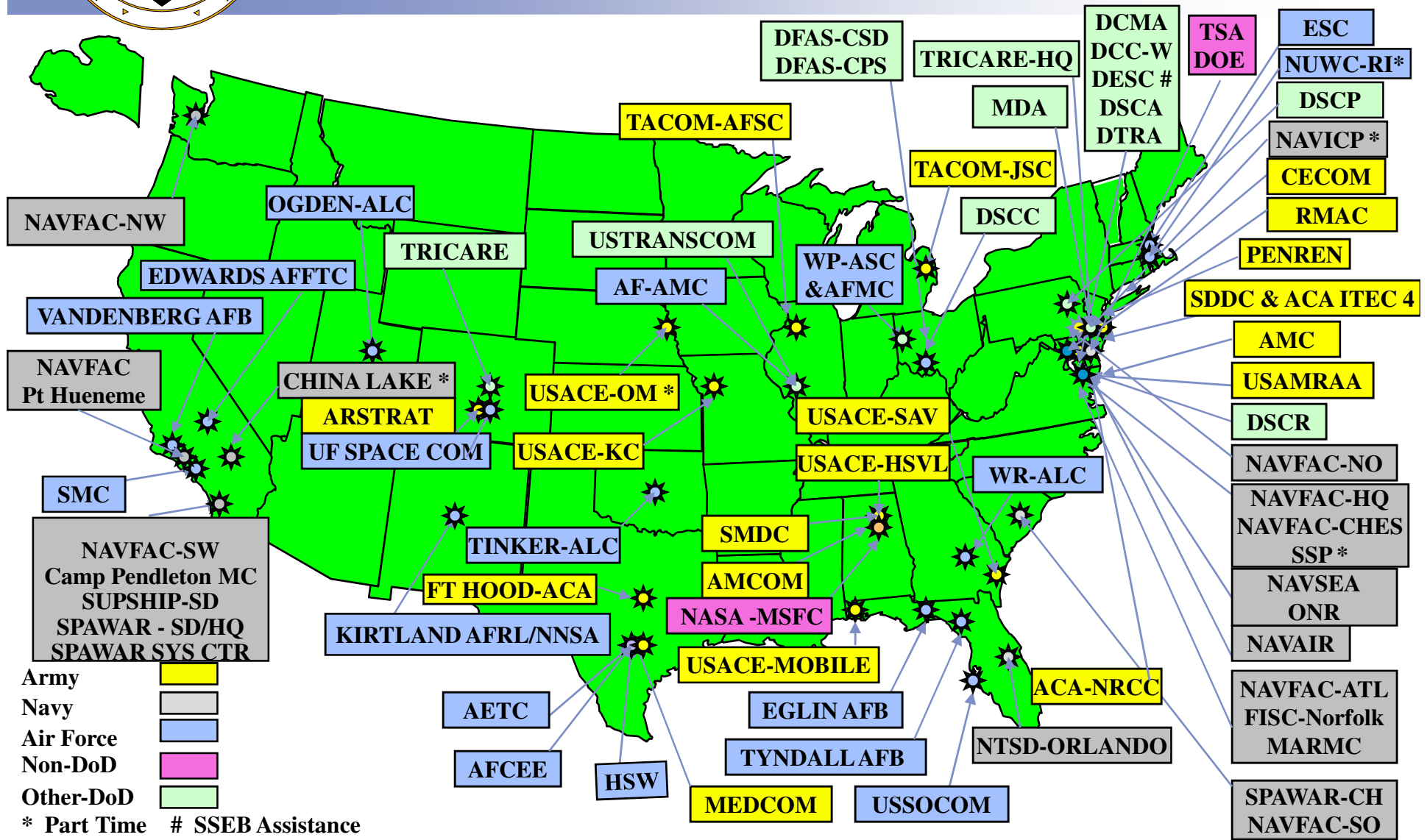
To support commands by serving as on-site interface between DCAA and Procurement Officials

■ Mission:

- to provide financial advisory service support at command sites to assist PCOs in determining fair and reasonable contract prices.



FLA LOCATIONS



FLA Services



- Facilitate communication
- Coordinate audit requests
- Interpret audit reports
- Explain changes in audit policies & procedures
- Elevate procurement officials concerns
- Arrange attendance of DCAA personnel at negotiations and meetings
- Participate in training sessions



FLA Services

- Cost Analysis
- Analysis of Other than Cost or Pricing Data
- Commercial Pricing
- Market Research
- SSEB – (Limited)
- Parametrics
- Other Areas

DCAA Website



- <http://www.dcaa.mil>
- Contains:
 - DCAA Publications
 - DCAA Points of Contacts
 - Audit Office Locator
 - Products and Services
 - Organization



- What's New
- About DCAA
- Audit Guidance
- DCAA Publications
- Freedom of Information Act
- Links to Other Web Sites
- DCAA Points of Contact
- Job Opportunities
- Home

DCAA

Dedicated to providing timely and responsive audits and financial advisory services

In Support of our National Defense

The Defense Contract Audit Agency, under the authority, direction, and

Summary



- DCAA can help before, during, and after contract award
- FLAs are available to answer questions and/or help draft requests
- DCAA is here to help!