



**DCAA**

DEFENSE CONTRACT AUDIT AGENCY

# Acquisition Guide to DCAA Engagement Process- from RFP to Negotiations

March 24, 2014

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# DCAA Acquisition Engagement Process

- Pre-Proposal Meeting
- Subcontracts
- Coordinating the Audit Request
- Proposal Walk-Through/Risk Assessment
- Fieldwork
- Audit Reporting
- Attending Fact Finding and Negotiations

# Pre-Proposal Meeting

## Proposal Adequacy/Contractor Support

- Request meeting with audit team (Regional Audit Manager, Field Audit Office Manager) prior to receipt of proposal to discuss:
  - Procurement schedule requirements, expectations on timely contractor support, and the identification of expected major subcontractors, including lower tier subcontractors, requiring assist audits.
  - DCAA reported contractor estimating and accounting system (e.g. CAS issues) deficiencies that affect proposal adequacy at the prime contractor and subcontractors.

# Pre-Proposal Meeting

## Proposal Adequacy/Contractor Support

- Proposal Adequacy Checklist as prescribed by DFARS 215.408(6) with accompanying solicitation provisions at DFARS 252.215-7009
- Process for elevating prime and subcontractor proposal adequacy issues to senior procurement officials and contractor representatives.
- Process for elevating delays in prime and subcontractors providing supporting data in a timely manner and timely access to **key** contractor personnel responsible for contractor support.

# Pre-Proposal Meeting

## Subcontracts – Assist Audits Policy

- Subcontract costs usually represent a material amount of proposed costs and require assist audits from other DCAA Field Audit Offices (FAOs).
- Subcontract audits can be requested before prime contractor proposal is submitted based on DCAA guidance criteria.
- Subcontract audits can be performed prior to prime contractor cost/price analysis if it makes sense.
- DCAA and PCO should begin planning necessary subcontract assist audits during pre-proposal meetings.

## Subcontracts – Assist Audit Process

- Prime contract auditor takes the lead in coordinating subcontract proposal audits under major procurements.
- DCAA and the PCO should coordinate overall risk assessment on subcontracts. PCO support needed to obtain adequate subcontractor and lower tier proposals from the prime.
- Auditors providing assist audits can participate in regularly scheduled meetings with the PCO as necessary.

# Pre-Proposal Meeting

## Subcontracts – Commercial Items

- DCAA auditors can review the adequacy of the prime/higher-tier contractor's commercial item determination (CID) and associated cost/price analysis as a basis to determine the adequacy of the CID and support for the proposed subcontract cost.
  - DCAA will review the adequacy of actions taken by the prime contractor in its subcontract CID and required cost/price analysis (i.e. CID identifies how item/service meets commercial definition and sufficient analysis of market sales to establish reasonable pricing).
  - DCAA auditors can assist the PCO by comparing the commercial sales data provided by the subcontractor to its accounting records.
  - DCAA will promptly communicate inadequacies found so the contracting officer can obtain additional data necessary to support price reasonableness.

# Coordinating the Audit Request

- PCO should receive an acknowledgment of the audit request from DCAA within five days.
- PCO and DCAA should discuss the request in order to:
  - Provide auditor a clear understanding of the requestor's needs;
  - Allow PCO to identify specific areas of concerns; and
  - Discuss how DCAA can best meet the requestor's needs and address concerns.

# Proposal Walk-Throughs/Risk Assessment

- Need PCO support for proposal walk-throughs. For example: AFFARS Mandatory Procedure 5315.4 (2) requires Proposal Kick-Off & Proposal Walk-Through Meetings for all sole source contract actions greater than \$50M and any Undefined Contract Action greater than \$1M.
- Walk-through will help expedite the appropriate action if the proposal is not adequate or there are other issues that require the PCO's assistance.
- Proposal adequacy issues that cannot readily be fixed should be elevated to senior government and contractor officials for resolution.

# Proposal Walk-Throughs/Risk Assessment

- After the DCAA risk assessment is complete, the auditor will contact the PCO to establish a realistic agreed to audit report date.
- The DCAA acknowledgement letter will provide confirmation of the agreed to date and the name, phone number and email address of the FAO manager so the PCO may contact them regarding any issues that arise during the audit.

# Fieldwork

- Assist DCAA with elevation of significant issues – senior executives involvement on establishing clear expectations and solving issues when needed.
- Conduct interim status briefings between DCAA and the PCO, including subcontract auditors (face-to-face and include (sub)contractor, when appropriate).
- Audit policy allows providing draft report results to the PCO. Discuss with your auditor if this is necessary.

# Audit Reporting/Negotiations

- Auditors should keep PCO informed of any significant issues impacting the audit due date.
- Request audit team briefing before audit report is issued if significant questioned, unsupported, unresolved costs or other significant and/or complex findings/issues.
- Attend the exit conference. DCAA auditors can discuss other than factual information at the request of the PCO.

# Audit Reporting/Negotiations

- Request auditor's assistance during fact-finding and negotiations. DCAA auditors can and should provide support where they have issued an audit report on the contractor's submission.
- What support can DCAA auditors provide you during fact-finding and negotiations?
  - Ensure you adequately understand the audit findings and answer questions about audit findings.
  - Help defend and sustain audit findings.
  - Follow up on issues identified during the audit, especially unsupported costs.
  - Provide technical advice on contractor rebuttals or contractor data provided after our report is issued. May require supplemental audit report depending on the circumstances.

# Audit Reporting/Negotiations

- Provide auditors with a copy of the pre-negotiation memo as soon as available and work to resolve differences when less than 75 percent of the cost questioned is sustained (see 12/4/09 Director, Defense Procurement and Acquisition Policy memo).
- Provide DCAA a copy of the final negotiation memorandum as soon as available.