

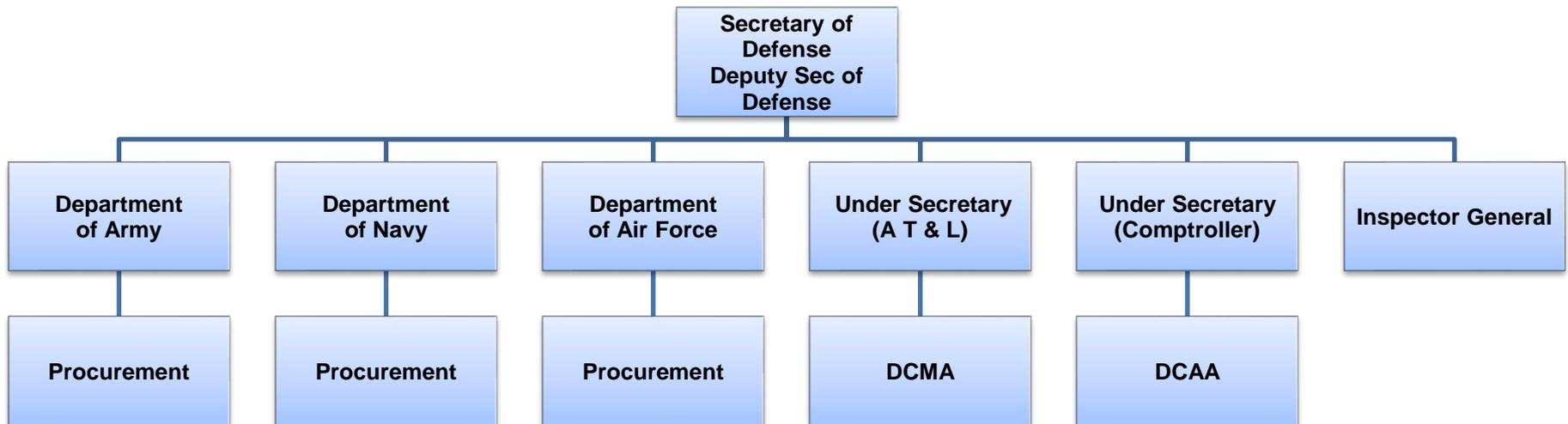


Introduction and DCAA Overview

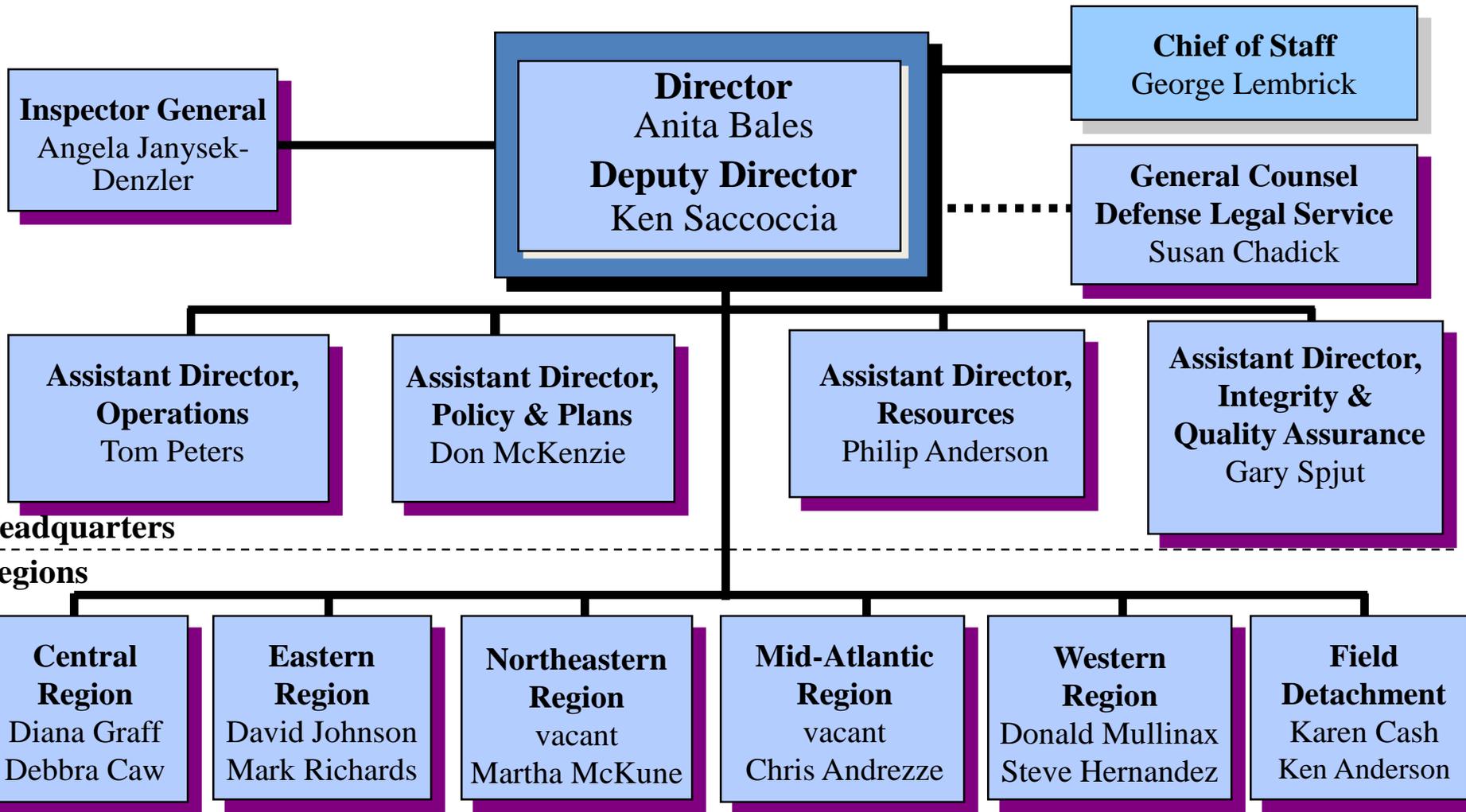
Industry Engagement Session 10/29/2015

The views expressed in this presentation are DCAA's views and not necessarily the views of other DoD organizations

Department of Defense (DoD) Organization



DCAA Organization



Defense Contract Audit Agency

- Approximately 5,000 employees located at over 300 offices throughout the United States and overseas
- Responsibilities and Duties:
 - Perform all needed contract audits for DoD
 - Provide accounting and financial advisory services to DoD (and civilian agencies when requested) acquisition and contract administration components during all contract phases:
 - Preaward
 - Contract execution
 - Settlement (contract closing)

DCAA Audits Through Various Phases of a Contract

Preaward

Throughout Contract Life

Contract Completed

Accounting System
Estimating System
Proposal Review
- Labor Rates
- Indirect Rates
- Materials
- ODCs

Annual Incurred Cost Reviews
Real Time Labor
Provisional Billing Rates
Progress Payments
Vouchers
Accounting System

Contract Closing

Available Presentations

- Accounting System Requirements
- Contract Briefs
- Incurred Cost Submissions
- Monitoring Subcontracts
- Proposal Adequacy
- Provisional Billing Rates
- Public Vouchers
- Real-time Labor Evaluations

DCAA Internet Resources

www.dcaa.mil

- Audit Process Overview – Information for Contractors Manual
- DCAA Preaward Accounting System Checklist
- DoD Contract Proposal Adequacy Checklist
- DoD Forward Pricing Rate Adequacy Checklist
- DCAA Incurred Cost Adequacy Checklist
- Incurred Cost Electronically (ICE) Model
- Links to Acquisition Regulations
- Small Business Seminar Slides



DCAA reviewed \$9B for DoD to acquire 580 UH-60 Black Hawks

- Request An Audit
- Audit Process Overview – Information For Contractors
- Directory Of Audit Programs
- CAM – Contract Audit Manual
- MRDs – Audit Guidance Memos
- CAS – Cost Accounting Standards
- FAR – Federal Acquisition Regulation
- FAR Cost Principles Guide
- DFARS – Defense Federal Acquisition Regulation Supplement
- GAGAS/Yellow Book – Generally Accepted Government Auditing Standards
- FAQs



ABOUT DCAA ▶

Learn about DCAA's mission, services, and value to the warfighter and taxpayer with the Strategic Plan, Year in Review, and Report to Congress. Get



GUIDANCE ▶

Access current DCAA, DoD, and federal acquisition regulations and requirements for government contracting and auditing, including CAM, CAS, FAR,



CHECKLISTS & TOOLS ▶

Prepare for a DCAA Preaward Accounting System, Contract Pricing Proposal, Forward Pricing Rate Proposal, and Incurred Cost audits using DCAA

- Preaward Accounting System Adequacy Checklist
- Contract Pricing Proposal Adequacy Checklist
- Forward Pricing Rate Proposal Adequacy Checklist
- Incurred Cost Submission Adequacy Checklist
- Cost Of Money Rates
- ICE (Incurred Cost Electronically) Model
- EZ-Quant Applications



DCAA assisted the Army and Marine Corps in reducing the unit price for nearly 12,000 Humvees



ABOUT DCAA ▶

Learn about DCAA's mission, services, and value to the warfighter and taxpayer with the Strategic Plan, Year in Review, and Report to Congress. Get



GUIDANCE ▶

Access current DCAA, DoD, and federal acquisition regulations and requirements for government contracting and auditing, including CAM, CAS, FAR,



CHECKLISTS & TOOLS ▶

Prepare for a DCAA Preaward Accounting System, Contract Pricing Proposal, Forward Pricing Rate Proposal, and Incurred Cost audits using DCAA



DCAA assisted the Army and Marine Corps in reducing the unit price for nearly 12,000 Humvees



ABOUT DCAA ▶

Learn about DCAA's mission, services, and value to the warfighter and taxpayer with the Strategic Plan, Year in Review, and Report to Congress. Get information on career opportunities. Find out how to request an audit.



GUIDANCE ▶

Access current DCAA, DoD, and federal acquisition regulations and requirements for government contracting and auditing, including CAM, CAS, FAR, DFARS, GAGAS and other guidance. Find answers to Frequently Asked Question.

Help for Small Business



CHECKLISTS & TOOLS ▶

Prepare for a DCAA Preaward Accounting System, Contract Pricing Proposal, Forward Pricing Rate Proposal, and Incurred Cost audits using DCAA checklists. Access ICE Model and EZ-Quant applications.



AUDIT PROCESS OVERVIEW

Useful information to assist contractors understand DCAA audit processes

Information for Contractors

A helpful guide that provides an overview of the types of audits DCAA conducts, links to checklists, and what you can expect in a DCAA audit.

- [Information for Contractors](#)

Help for Small Business Contractors

DCAA Small Business Focal Point (703) 767-2271

DCAA-OAL-SmallBusinessFocalPoint@dcaa.mil

In addition to the Information for Contractors guide, DCAA offers targeted information to assist with audit issues that relate to small businesses. Access presentations below for help on specific topics important for smaller contractors:

- [Accounting System Requirements](#)
- [Contract Briefs](#)
- [Incurred Cost Submissions](#)
- [Monitoring Subcontracts](#)
- [Proposal Adequacy](#)
- [Provisional Billing Rates](#)
- [Public Vouchers](#)
- [Real-time Labor Evaluations](#)

Contact Information

- DoD Office of Small Business Programs
www.acq.osd.mil/osbp
- DCAA
dcaa-oal-smallbusinessfocalpoint@dcaa.mil

Financial Liaison Advisory Services

- General advice on accounting, auditing and financial matters in areas of DCAA responsibility
- Facilitate communication between DCAA and the Command
- Describe available DCAA audit services prior to and after contract award
- Facilitate and coordinate audit services with cognizant Field Audit Offices
- Describe criteria to assess proposal adequacy for audit

Financial Liaison Advisory Services

- Interpret audit reports & DCAA policy
- Facilitate attendance of field auditors at negotiations
- Provide general advisory services to Source Selection Evaluations
- Assist command in obtaining DCAA information for contract closeout
- Provide training

Questions?



U.S. Army Contracting Command
"Our People-Providing the Best Support!"

PROPOSAL EVALUATION

Dorica Bakaluca
29 October 2015





TOPICS



- Federal Acquisition Regulations (FAR)
- How are evaluations performed?
 - Proposal analysis techniques
 - How are the techniques applied?
- What is the evaluation process?
- What should you do when submitting proposals?



FEDERAL ACQUISITION REGULATIONS



- FAR 15.402(a) requires contracting officers to Purchase supplies and services from responsible sources at **fair and reasonable prices.**
- 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 (FAR 31.201-3(a)). No presumption of reasonableness shall be attached to incurred costs. The burden of proof is on the contractor.



PROPOSAL ANALYSIS TECHNIQUES



- Price Analysis

Process of examining a proposed price without evaluating its separate cost elements

- Cost Analysis

Review and evaluation of the separate cost elements and profit in a proposal and the application of judgement to determine how well the proposed costs represent what the cost of the contract should be, assuming reasonable economy and efficiency

These techniques can be used separately or in combination



ILLUSTRATION OF PRICE & COST ANALYSIS



Widget Price Analysis:

	<u>Unit Price</u>	<u>Qty</u>	<u>Total Price</u>
Offeror 1	\$ 293.43	100	\$ 29,342.50
Offeror 2	\$ 275.53	100	\$ 27,553.00
Offeror 3	\$ 310.48	100	\$ 31,048.00

Proposed price is compared with other data as discussed in following slides



WIDGET

Widget Cost Analysis:

	<u>Rate</u>	<u>Hours</u>	<u>Cost/Price</u>
Material			\$ 100.00
Material O/H	10%		10.00
Labor	\$ 25.00	2	50.00
Labor O/H	125%		62.50
Other Direct Costs			20.00
Sub-Total			\$ 242.50
G&A	10%		24.25
Total Cost Input			\$ 266.75
Profit/Fee	10%		26.68
Total Unit Price			\$ 293.43
Quantity			100
Total Extended Price			\$29,342.50



PRICE ANALYSIS TECHNIQUES



Price analysis can include comparison of proposed price with:

- Other offered prices received in response to solicitation (normally, adequate competition establishes a fair and reasonable price)
- Historical prices paid for same or similar items



PRICE ANALYSIS TECHNIQUES CONT.



Comparison with:

- Competitive published price lists or prices obtained through market research
- Independent Government Cost Estimate (IGCE)
- Analysis of data other than certified cost or pricing data provided by the offeror



COST ANALYSIS TECHNIQUES



- Verification of cost data (DCAA Audits or review by Contracting Office or other agencies):
 - Necessity for and reasonableness of proposed costs, including contingencies
 - Projection of offeror's cost trends, on the basis of current and historical cost or pricing data
 - Application of audited or negotiated indirect cost rates, labor rates and cost of money or other factors



COST ANALYSIS TECHNIQUES



- Verification of:
 - Cost elements (material, labor, ODC, rates, and profit)
 - Consolidated Bill of Material (source, quantity, unit price)
 - Basis of Estimates (BOEs) for labor hours
 - Sub-contractor proposals and other documentation such as purchase orders, invoices and vendor quotations



COST ANALYSIS TECHNIQUES CONT.



- Evaluating the effect of the offeror's current practices on future costs
- Comparison of proposed costs with:
 - Actual costs previously incurred
 - Previous cost estimates from the offeror or from other offerors for the same or similar items
 - Independent Government Cost Estimates



COST ANALYSIS TECHNIQUES CONT.



- Verification that costs are in accordance with contract cost principles & procedures in FAR Part 31 and offeror's own practices
- Analysis of the results of any make-or-buy program reviews, in evaluating sub-contract costs



COST REALISM



- For cost-reimbursement contracts, cost realism is performed to determine the probable cost of performance (FAR 15.404-1(d))
- The probable cost may differ from the proposed cost and reflects the Government's best estimate of the most likely cost of the offeror's proposal
- The probable cost is determined by adjusting each offeror's proposed costs to realistic levels
- The probable cost is used for purposes of the proposal evaluation



COST REALISM CONT.



Cost Realism includes evaluation of the offeror's proposed cost estimates to determine:

- If realistic for work to be performed
- If offeror clearly understands the requirements
- Are proposed costs consistent with the unique methods of performance and materials described in the offer's proposal



HOW ARE THE TECHNIQUES APPLIED?



Type of analysis performed will vary depending upon commerciality and level of competition.



HOW ARE THE TECHNIQUES APPLIED?



- For commercial items, price analysis is usually used (although other than certified cost or pricing data may be required)
- For non-commercial items, the technique varies depending upon existence of competition



HOW ARE THE TECHNIQUES APPLIED?



- For competitive items, price analysis is usually used (although data other than cost of pricing data may be required)
- Cost analysis is usually used for single source items (but may also be used in other instances as requires to establish reasonableness of an offeror's price)



WHAT IS THE PROCESS?



- Once proposal is received it is reviewed for adequacy (DFARS Checklist 252.215-7009)
- If adequate, proposal evaluation begins, if not, proposal is returned to contractor. Proposals may be rejected when they do not have supporting documentation - follow the DFARS Checklist and provide all necessary supporting documentation!



WHAT IS THE PROCESS?



- Proposal “Walk-through” may be requested by PCO
- Price or cost analysis performed as required
- For cost analysis:
 - DCAA Audit is requested as required (\$10M+ for FFP and \$100M+ for Cost type contracts)
 - Technical evaluation is requested to review “kinds & quantity” of Bill of Material, labor hours, and ODC



WHAT SHOULD YOU DO?



DOCUMENT, DOCUMENT & DOCUMENT

- Provide all necessary documentation to support your proposed costs and prices
- Disclose accurate and complete current information





ACC-WRN Public Website



- **New Location**

ACC	ECC	MICC	Contracting Centers
ACC Home			CONTRACTING CENTERS
About ACC			
Command & Staff	♦		Army Contracting Command - Aberdeen Proving Ground
News	♦		Army Contracting Command - New Jersey
Small Business Office	♦		Army Contracting Command - Redstone
Civilian Careers	♦		Army Contracting Command - Rock Island
FOIA			Army Contracting Command - Warren
Report Fraud			
Contact ACC			

<http://acc.army.mil/contracting-centers>

<http://www.army.mil/acc>



ACC-WRN Public Website



The screenshot displays the ACC-WRN Public Website interface. At the top, there is a navigation bar with tabs for ACC, ECC, MICC, and Contracting Centers. The main header features the U.S. Army logo and the URL WWW.ARMY.MIL / ACC. Below the header, the page is divided into a sidebar on the left and a main content area on the right. The sidebar contains a menu with items such as Home, About Us, Vendor Information, Business Opportunities, Freedom of Information Act (FOIA), Business Partners, TACOM LCMC, Competition Management Office, Office of Small Business Programs, and Procurement Technical Assistance Programs. The main content area is titled 'ARMY CONTRACTING COMMAND-WARREN' and includes a 'LEADERSHIP' section with a photo of Ms. Kristan Mendoza, Executive Director of ACC-WRN, and a 'View Biography' link. Below this is the 'MISSION' section, followed by the 'VISION' section. The 'CONTACT INFORMATION' section is highlighted with a red arrow and contains the following details: Army Contracting Command - Warren (ACC-WRN), 6501 E. 11 Mile Road, Warren, MI 48397-0001. Sara Peeters, Executive Officer, Phone: (586) 282-7027, Email: usarmy.detroit.acc.mbx.wrn-xo@mail.mil. At the bottom of the page, there are social media icons and a footer with links for Site Map, Contact Us, Privacy & Security, Accessibility and External Links, iSalute, and Web & Social Media Policy.

← Contact Information

<http://acc.army.mil/contractingcenters/acc-wrn/index.html>



ACC-WRN Public Website



- Vendor Information
 - News and Announcements
 - Industry Events and Registration

- Business Opportunities

- Freedom of Information Act (FOIA)

- Business Partner Pages
 - TACOM LCMC
 - Competition Advocate and Ombudsperson
 - Office of Small Business Programs

 - Procurement Technical Assistance Centers



Backup



- FBO Vendor Guide
 - Registering for FBO
 - Explicit Access Requests
 - Instructions of Submitting Electronic Responses (Offers)

https://www.fbo.gov/downloads/FBO_Vendor_Guide.pdf

- Locating ACC-WRN Opportunities

<http://acc.army.mil/contractingcenters/acc-wrn/Oppt/LocatingOpportunities-ACCWRN.pdf>