



DEFENSE CONTRACT AUDIT AGENCY
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IN REPLY REFER TO

PIC 730.5.35.1

January 29, 2018
18-PIC-001(R)

MEMORANDUM FOR REGIONAL DIRECTORS, DCAA
CORPORATE AUDIT DIRECTORS, DCAA
ASSISTANT DIRECTORS, HQ, DCAA

SUBJECT: Audit Alert on 2018 NDAA Section 803 Timeliness Requirement for Incurred Cost Adequacy Reviews and Audits

This memorandum is being issued to confirm that Agency policy will be revised to require incurred cost submissions to be reviewed for adequacy within 60 days of receipt, as required by the 2018 NDAA enacted on December 12, 2017. The DCAA CAM will be updated to reflect this requirement. Therefore, for any incurred cost submission received since December 12, 2017, the audit team must complete the adequacy review and notify the contractor of the results of the adequacy review within 60 days.

Another important aspect of the NDAA requirement is completing incurred cost assignments within 12 months of receiving a qualified submission after the date of enactment (December 12, 2017). To facilitate this process, we need to ensure that we correctly record the submission adequacy date in DMIS. For example, you receive a submission on January 31, 2018 and update the fields "Date IC Proposal Initially Received" and "Date Latest IC Proposal Received"; you complete the adequacy checklist on February 15, 2018 and determine the submission is adequate. In DMIS, the proposal status should change to Adequate and the latest proposal received field would reflect the adequacy date of January 31, 2018 (when the adequate submission was received from the contractor). The NDAA requires this example audit to be completed within one year (i.e., by January 31, 2019). The Agency will be providing guidance for complying with the NDAA one-year requirement.

As a reminder, if a submission is returned to the contractor due to significant deficiencies, the audit team should update the field "Date Contractor Notified Proposal is Inadequate or Submission Withdrawn" to reflect the notification date; the audit team also should update the proposal status field to "R" Returned.

FAO personnel with questions regarding this audit alert should contact their regional or CAD offices. Regional/CAD personnel with questions regarding this audit alert should contact Policy Incurred Cost Division at (703) 767-2270 or via e-mail at DCAA-PIC@dcaa.mil.

/Signed/
Barbara Richon
Chief, Policy Incurred Cost Division
Policy and Plans

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