



DEFENSE CONTRACT AUDIT AGENCY
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IN REPLY REFER TO

OTS 730.5

April 25, 2007
07-OTS-022(R)

MEMORANDUM FOR REGIONAL DIRECTORS, DCAA
DIRECTOR, FIELD DETACHMENT, DCAA

SUBJECT: Audit Guidance Memorandum: Direct Submission of Interim Public Vouchers –
Special Requirements Related to Wide Area Work Flow (WAWF)

This memorandum clarifies guidance to Field Audit Offices (FAO) on required actions to ensure the contractors that have been approved or disapproved for direct submission of interim public vouchers (direct billing) are treated as such within Wide Area Work Flow (WAWF). In recent months, we have noted several instances in which contractors have been approved for the direct billing program but WAWF was not processing submitted vouchers as direct bill authorized. These errors occurred because the corresponding direct billing initiative code in the DMIS CAGE Code(s) Table did not properly reflect the direct billing status for each of the contractor's CAGE code(s) as prescribed in the DMIS User Guide (CAGE Code Chapter).

Agency procedures for approving and rescinding direct bill authority in accordance with DFARS 242.803(b)(i)(C) are located in CAM 6-1007, Direct Submission of Interim Public Vouchers to Disbursing Offices (Direct Billing). The increased use of WAWF and its dependence on electronic processes imposes a requirement that DCAA provide a list of CAGE codes that are approved to direct bill. We collect this data from the DMIS CAGE Code table. This data is provided daily as an electronic upload to the WAWF system. To ensure that our upload is accurate, it is critical to note that the Primary CAGE code in DMIS is not used to update WAWF, rather it is the individual CAGE Code(s) that are used. Refer to the Enclosure for an example input screen.

The CAGE Code table was specifically added to DMIS to automate and provide DCAA with complete control over the direct bill authorization list in WAWF. The CAGE Code table was added in its current form to allow the input of multiple CAGEs because many contractors bill using more than one CAGE. While the WAWF process relies solely on our DMIS data and does not use the paper-based notification letters, FAOs must still continue to issue paper-based notification letters because all other DoD payment systems, including MOCAS, make use of the paper-based notifications.

To clarify procedural requirements, we are revising the first paragraph of CAM 6-1007.1, Coordination with Contracting Officers and Paying Offices, to the following (change underlined for emphasis):

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Close coordination among FAOs, contracting officers and paying offices is necessary to effectively implement and operate the direct billing program. FAOs must keep contracting officers and paying offices apprised of the status of contractors participating in the direct billing program. Contracting officers and paying offices should be notified when FAOs authorize contractors to participate in the direct billing program. If the authorization to direct bill is rescinded, immediately notify the cognizant contracting officer and paying office. In addition, FAOs must immediately update the DMIS CAGE Code(s) Table to reflect the current direct billing initiative code for each impacted contractor CAGE code. See 6-1007.8 for supplemental requirements regarding MPO contracts.

Specifically within the DMIS CAGE Code Table, the direct billing initiative code must accurately list all CAGE codes that have been approved for direct billing and these CAGE codes must be shown with the correct coding. FAOs must implement procedures and policies to make sure that changes in the contractor's authority to direct bill are updated in DMIS quickly and accurately. For example, the failure to correct DMIS in a timely manner allows a contractor whose authority to direct bill has been rescinded to continue to direct bill in WAWF. Similarly, it is important to input approvals on a timely basis to ensure that contractor vouchers are routed directly to the payment office in accordance with our direct bill policy and to ensure prompt payment. Also, be aware that due to the cycle timing between our once daily upload of the direct bill approved CAGE codes and the WAWF cycle for processing and updating, the FAO may see a 24 to 48 hour delay before changes made in the DMIS direct billing initiative coding status are reflected in WAWF. This delay is currently unavoidable; however, we are exploring ways to reduce this lag time.

Field audit office personnel should direct questions regarding this memorandum to their regional offices. Regional offices should direct their questions to the Technical Audit Services Division at (703) 767-2238.

Karen Cash /s/
For Joseph J. Garcia
Assistant Director
Operations

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Enclosure (a/s)

Example of CAGE Input Process into DMIS

The following example illustrates the difference between the Primary CAGE and the CAGE code entry in DMIS. While this example shows a simple case in which the contractor only bills using a single CAGE, many contractors bill using two or more CAGE codes.

Add/Modify Contractor Data *** Press Shift-F1 within a field for field-specific help ***

Contractor

In this example assume the contractor has had its direct bill authority rescinded by the FAO. The FAO has issued the letter per CAM guidance and now the Supervisor is updating DMIS to reflect this change. The Supervisor updated the Direct Billing Initiative to D - Ineligible contractors - billing system

However this change will NOT stop the contractor's ability to Direct Bill using WAWF.

CAGE Codes

DUNS ID	Cage Code	Billing Init. Code
XXXXXXXXXX	123ABC	B - ELIGIBLE CONTRACTOR SUBMITTING VOUCHERS

remove or change to "D"

Incurring Cost

ADV Contractor ? YES * Audit Determined Negotiated D - AUDIT

Overhead Claim Required ? YES * Last CFY Audited 2000

Incurring Cost Major Non-Major R - NON-MAJOR CONTRACTO *

CAS

CAS Covered PCFY Code
E - All contract/subcontract awards were exempt from CAS coverage

CAS Covered CCFY Code
E - New contract/subcontract awards in the contractor's current FY are expected to be exempt from CAS covers

File Disclosure Statement ? NO *

CAC Code CFY End Month

Contractor Type

DOD/AC Code Prime Administrator S2206A

Civilian Agency

Direct Billing Initiative D - Ineligible contractor - billing systems deficiencies/criteria *

Primary Cage Code 123ABC Note: Primary Cage code must also be entered in the Cage Code table if the Direct Billing Initiative code = 'B'. Press the Enter/Modify button to access the list.

Search CCR Database... Enter Modify... CAGE Code(s): 123ABC

OK

Normally, all CAGE codes being used by a contractor will have the same billing initiative code. DMIS was set up to allow for exceptions to this general rule. For example, Contractor B, who is approved to direct bill, acquires Contractor D, who was disapproved for direct bill because of billing system inadequacies. "B" begins to submit vouchers for the work being done by "D." D still has unresolved issues and has not yet been integrated into B's accounting system. The CAGE associated with D will be listed in B's CAGE Code list with a Direct Bill Initiative Code of "D = Ineligible contractor - billing systems deficiencies/criteria."