



**DEFENSE CONTRACT AUDIT AGENCY
DEPARTMENT OF DEFENSE
8725 JOHN J. KINGMAN ROAD, SUITE 2135
FORT BELVOIR, VA 22060-6219**

IN REPLY REFER TO

PAC 730.3.B.01/2008-01

November 21, 2007
07-PAC-037(R)

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

SUBJECT: Audit Alert on the Application of Non-DoD Agency FAR Supplements to DCAA Audits

This audit alert emphasizes the importance for auditors to ensure that all applicable non-DoD Agency FAR supplements are considered when conducting audits covering non-DoD contracts. In addition, as provided at CAM 10-210.3, auditors are required to specifically identify each of the Agency FAR supplements, which are applicable to their audits in the scope section of the audit report.

While all agencies are generally required to follow the FAR Part 31 cost principles, agencies will often place supplemental or additional cost allowability requirements upon certain selected costs. For example, the Department of Energy has supplemental regulations addressing *Costs Associated with Whistle Blower Actions* contained within paragraph (h) of the *Costs related to legal and other proceedings* cost principle at DEAR 931.205-47. The Department of Energy, Department of Homeland Security, Department of Justice, Department of Transportation, National Aeronautics and Space Administration, and the National Science Foundation all have additional or supplemental allowability provisions associated with pre-contract costs, as addressed at FAR 31.205-32.

When auditing contracts awarded by non-DoD Agencies, auditors must consider the applicable non-DoD Agency FAR cost principles supplements in determining allowability of costs incurred under those contracts. To assist the auditor in making this assessment, we have developed a table which summarizes the cost principles that have been supplemented by various agencies. A similar table will be incorporated into CAM 15-102.3. Links to these agency supplements may be accessed via the DCAA intranet under the "[Useful Audit Links](#)" page under the category of acquisition regulations. The list of non-DoD Agencies is not all inclusive; therefore, when an audit includes a contract awarded by an agency not identified within the table, the auditor should contact the appropriate agency official to determine whether the agency has issued supplemental cost principles.

November 21, 2007
07-PAC-037(R)

PAC 730.3.B.01/2008-01

SUBJECT: Audit Alert on the Application of Non-DoD Agency FAR Supplements to DCAA Audits

If FAO personnel have any questions, they should contact regional personnel. Regional personnel with any questions should contact Accounting and Cost Principles Division, at 703-767-3252.

/Signed/
Kenneth J. Saccoccia
Assistant Director
Policy and Plans

Enclosure:

Table of Agency Supplements and Impacted FAR Cost Principles

DISTRIBUTION: C

Non-DoD Agency FAR Supplements and Impacted FAR Cost Principles

The Federal Acquisition Regulation (FAR) is the primary regulation for use by all Federal executive agencies in acquiring supplies and services with appropriated funds. Agencies are authorized to issue supplemental regulations tailored to their organizational needs. Thus, the cost principles and procedures applicable to a specific non-DoD organization consist of the FAR and that agency's supplemental regulation, if any. The auditor should contact the appropriate non-DoD official (requestor, Office of Inspector General, or acquisition office) to determine whether that organization has issued supplemental regulations for agencies not listed below. The following table identifies selected non-DoD agencies that have issued FAR Supplements and identifies those specific FAR cost principles that have been supplemented:

Agency	FAR Supplement	FAR Cost Principles Supplemented
Agency for International Development	AIDAR – Agency for International Development Acquisition Regulations	<ul style="list-style-type: none"> • 31.205-6, Compensation for personal services • 31.205-46, Travel costs <p><i>Additional AID Cost Principles:</i></p> <ul style="list-style-type: none"> • 731.205-70, Overseas recruitment incentive • 731.205-71, Salary supplements for Host Government employees
Department of Agriculture	AGAR – Agriculture Acquisition Regulations	None
Department of Commerce	CAR – Commerce Acquisition Regulations	None
Department of Energy	DEAR – Department of Energy Acquisition Regulation	<ul style="list-style-type: none"> • 31.205-18, Independent research and development and bid and proposal costs • 31.205-19, Insurance and indemnification • 31.205-32, Precontract costs • 31.205-33, Professional and consultant service costs • 31.205-47, Costs related to legal and other proceedings
Department of Health and Human Services	HHSAR – Health and Human Services Acquisition Regulations	None
Department of Homeland Security	HSAR – Homeland Security Acquisition Regulation	<ul style="list-style-type: none"> • 31.205-32, Precontract costs
Department of Housing and Urban Development	HUDAR – HUD Acquisition Regulation	None
Department of Justice	JAR – Justice Acquisition Regulations	<ul style="list-style-type: none"> • 31.205-32, Precontract costs
Department of the Treasury	DTAR – Department of Treasury Acquisition Regulation	None
Department of Transportation	TAR – Department of Transportation Acquisition Regulation	<ul style="list-style-type: none"> • 31.205-32, Precontract costs
Environmental Protection Agency	EPAAR – Environmental Protection Agency Acquisition Regulation	None
National Aeronautics and Space Administration	NFS – NASA FAR Supplement	<ul style="list-style-type: none"> • 31.205-32, Precontract costs
National Science Foundation	National Science Foundation FAR Supplement	<ul style="list-style-type: none"> • 31.205-32, Precontract costs