



DEFENSE CONTRACT AUDIT AGENCY
DEPARTMENT OF DEFENSE
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IN REPLY REFER TO

PPS 730.5.15

June 19, 2012
12-PPS-017(R)

MEMORANDUM FOR REGIONAL DIRECTORS, DCAA
DIRECTOR, FIELD DETACHMENT, DCAA
HEADS OF PRINCIPAL STAFF ELEMENTS, HQ, DCAA

SUBJECT: Audit Guidance Update on Contractor Cost Data Report Audits

This memorandum provides guidance on the audit services required in support of the Defense Cost and Resource Center's (DCARC) periodic reviews of Contractor Cost Data (CCD) Reports. DCARC will provide a written request for audit support; DCAA will no longer self initiate CCD report audits. The CCD reporting system, along with the Software Resources Data Reporting (SRDR) system, is collectively referred to as the Cost and Software Data Reporting (CSDR) system. CCD reports focus on the collection of actual costs while SRDRs supplement these costs with software metrics to improve software-intensive programs.

Based on a series of updated DoD policies related to CCD reporting, we are revising CAM 11-400 guidance related to CCD report audits, as well as the audit program and audit report shell for CCD report audits. Updates include:

- Cost and Software Data Reporting (CSDR) Manual (DoDM 5000.04-M-1) was revised in October 2011.
- Contractor Cost Data reporting Forms 1921, 1921-1, 1921-2, and corresponding Data Item Descriptions (DIDs)/instructions were revised in May 2011.
- A new CCD reporting form, the Contractor Business Data Report (DD Form 1921-3) was implemented on July 9, 2009 and updated in May 2011.
- DoD Instruction 5000.2, Operation of the Defense Acquisition System, was revised and reissued as DoD Instruction 5000.02 on December 8, 2008.

Auditors should be aware of the upcoming changes to the CAM and APPS (Activity Code 17870) resulting from the DoD policy updates when conducting CCD reporting audits. A few significant changes include:

- The section of the audit program related to policies and procedures was removed. Our audit will focus on the contractor's compliance with certain aspects of DFARS 252.234-7004, Cost and Software Data Reporting System, and the accuracy of the CCD reports (Series 1921s).

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- Prime contractors are required to flow-down CSDR requirements to all subcontractors that meet reporting thresholds and direct subcontractors and other lower-tier subcontractors to submit their CCD reports directly to the DCARC.
- Prime and higher tier subcontractors are required to report on the work performed by all subcontractors (reporting and non-reporting) at price, not cost. Contractors that have direct-reporting subcontractors are required to identify each direct-reporting subcontractor by name, city, state, and subcontract price.

Field audit office personnel should refer questions regarding this memorandum to their regional offices. Regions unable to answer, or with questions of their own, should contact Policy Publications and Systems Division, at (703) 767-3274 or e-mail at DCAA-PPS@dcaa.mil.

/Signed/
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