



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

IN REPLY REFER TO

PPD 730.5.26.1

November 4, 2002
02-PPD-081(R)

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

SUBJECT: Audit Guidance on the Direct Submission of Interim Public Vouchers
and Timely Submission of Final Vouchers

Summary

The criteria for authority to submit vouchers directly to government disbursing offices has been revised to include the requirement that contractors submit final vouchers in accordance with Federal Acquisition Regulation (FAR) 52.216-7(d)(5). A determination that a contractor approved for direct billing is not submitting final vouchers in a timely manner must be closely coordinated with and confirmed by the administrative contracting officer (ACO). A contractor with delinquent final vouchers may continue to participate in direct billing if it submits to the contracting officer for approval, with a copy to the FAO, an acceptable plan to get current. An acceptable plan should be submitted within 60 days of notification by the FAO and should have the contractor becoming current in not later than three months, unless a written extension is granted by the contracting officer.

Background

Timely submission of final vouchers is essential for the prompt closing of physically complete cost-type contracts. FAR 52.216-7(d)(5) requires:

Within 120 days (or longer if approved in writing by the Contracting Officer) after settlement of the final annual indirect cost rates for all years of a physically complete contract, Contractor shall submit a completion invoice or voucher to reflect the settled amounts and rates.

When the contractor fails to submit a completion invoice or voucher in the time specified above, the contracting officer may determine the amounts due the contractor under the contract, and record the determination in a unilateral modification to the contract (FAR 52.216-7(d)(6)).

Timely submission of final vouchers also benefits the contractor in the area of receipt of fee withholds. FAR 52.216-8(b) states:

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The Contracting Officer shall release 75 percent of all fee withholds under this contract after receipt of the certified indirect cost rate proposal...provided the Contractor...is not delinquent in submitting final vouchers on prior years' settlements. (emphasis added)

CAM 6-1009.3c, *Timeliness of Receipt and Review-Completion Vouchers*, requires the auditor to remind the contractor, where the contractor fails to submit timely final vouchers, of its responsibility to submit completion vouchers timely by pointing out FAR 52.216-7(d)(5). If the contractor continues to be delinquent in submitting completion vouchers, the auditor should consider recommending to the ACO that the contract be closed out unilaterally in accordance with FAR 52.216-7(d)(6) (see MRD 02-PPD-063(R), dated August 28, 2002 and 02-PPD-049(R), dated June 17, 2002). Risk associated with overbilled costs is increased when final vouchers have not been received in a timely manner.

Audit Guidance

Due to the risk of overbilled costs associated with the untimely submission of final vouchers and the critical need for the closing of physically complete contracts, we have added the timely submission of final vouchers as required by FAR 52.216-7 to the criteria for direct billing. As a result, prior to approving a contractor for participation in the direct billing program, auditors need to ensure that contractors are submitting final vouchers within 120 days (or longer if approved in writing by the contracting officer) after settlement of the final annual indirect cost rates for all years of a physically complete contract. We have revised the existing shell letters related to direct billing to include the additional criterion (Enclosure 2).

For contractors already approved for direct billing, FAOs should notify the contractor that the timely submission of final vouchers in accordance with FAR 52.216-7(d)(5) is added to the criteria for direct billing. We have prepared a shell memorandum for the FAO's use (Enclosure 1). There may be some contractors that are already approved for direct billing that are not compliant with the final voucher submission requirements of FAR 52.216-7(d)(5). A contractor with delinquent final vouchers may continue to participate in direct billing if it submits to the contracting officer for approval, with a copy to the FAO, an acceptable plan to get current. An acceptable plan should be submitted within 60 days of notification by the FAO and should have the contractor becoming current in not later than three months, unless a written extension is granted by the contracting officer. Contractors that do not submit an acceptable plan to become current and have not been granted an extension by the contracting officer should have their authorization to direct bill rescinded in accordance with CAM 6-1007.7.

To assist in the FAO's identification of contractors with delinquent final vouchers, Enclosure 3 contains an EXCEL spreadsheet of contractors identified by DCMA Headquarters that have 10 or more delinquent final vouchers as of October 1, 2002. Since the criteria in FAR 52.216-7(d)(5) permits the contracting officer to grant an extension to the 120 day requirement, FAOs should request the ACO to identify those contractors that are delinquent in the submission of final vouchers and have not been granted an extension by the contracting officer. **The list in Enclosure 3 includes contractors that have delinquent final vouchers**

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regardless of whether the ACO has granted an extension. The shell letter in Enclosure 1 has language that should be used by the FAO in those instances where a contractor is delinquent in the submission of final vouchers and the ACO confirms that a due date extension has not been granted.

In addition to discussions with the ACO, as part of audits of billing system internal controls and annual audits of paid vouchers, auditors will verify that contractors are submitting final vouchers within 120 days after settlement of applicable final indirect cost rates as required by FAR 52.216-7(d)(5). Prior to rescinding a contractor's authority to direct bill, auditors should always verify with the contracting officer that an extension has not been granted.

Closing Remarks

FAOs with questions regarding this memorandum should contact their regional offices. Regions with questions should contact Mr. Jeff Miller, Program Manager, Policy Programs Division at (703) 767-2270 or email at dcaa-ppd@dcaa.mil.

/Signed/

Robert DiMucci
Deputy Assistant Director
Policy and Plans

Enclosures – 3

1. New Shell Letter Notifying Contractors of Timely Submission of Final Vouchers
2. Revised DIIS Shell Direct Billing Letters
3. List of Contractors with 10 or More Delinquent Final Vouchers

Copy furnished:

DCMA, DFAS, NASA, MPO, and COE

DISTRIBUTION: C

**Shell Letter to Contractor on Timely Submission of Final Vouchers
Contractors Already Approved for Direct Billing**

[insert name and address of contractor]

SUBJECT: Revised Criteria for the Direct Submission of Interim Vouchers
to Government Disbursing Offices

Dear *[insert name]*:

Due to the risk of overbilled costs associated with the untimely submission of final vouchers and the critical need for the closing of physically complete contracts, we have added the timely submission of final vouchers as required by the Federal Acquisition Regulation (FAR) 52.216-7(d)(5), Allowable Cost and Payment contract clause included in your contracts, to the criteria for direct billing. FAR 52.216-7(d)(5) requires that within 120 days (or longer period if approved in writing by the contracting officer) after settlement of the final indirect rates for all years of a physically complete contract, the contractor shall submit a completion invoice or voucher to reflect the settled amounts and rates. The effective date of the revised criteria for authority to direct bill is the date of this letter. Accordingly, you should have internal controls in place to assure that final vouchers are submitted in accordance with FAR 52.216-7(d)(5).

[Insert the following paragraph for contractors that are already approved for direct billing, have delinquent final vouchers, and have not received an extension by the contracting officer – We determined that your company has [insert number of delinquent final vouchers] delinquent vouchers and you have not been granted an extension by the ACO. As a result, your company may continue to be authorized to direct bill only if within 60 days of the date of this letter, you submit to the ACO for approval, with a copy to our office, a plan that will cause you to be current on the submission of final vouchers in not later than three months from the date of this letter. If your company does not submit a plan in 60 days (or later if an extension is granted in writing by the ACO), your authority to direct bill will be rescinded.]

In addition to the requirement for the timely submission of final vouchers, the direct billing authorization criteria continue to include the requirement for (1) maintenance of adequate billing system internal controls for the preparation of public vouchers and (2) timely submission of incurred cost proposals in accordance with FAR 52.216-7. If the authorization is subsequently rescinded by DCAA, you will be notified immediately and the requirement to submit interim vouchers to DCAA will be reactivated.

A copy of this letter is being sent to your cognizant ACO *[insert an MPO point of contact, if appropriate]*. If you have any questions regarding this letter, please contact *[supervisory auditor's name]*, Supervisory Auditor, at *[phone number]*.

Sincerely,
[FAO Manager's Name]
[Branch Manager or Resident Auditor]
[FAO Name]

Copy furnished:
Cognizant ACO
[insert if MPO contract - MPO Point of Contact]

DIIS File "DIRECT BILLING LETTERS"

This file contains the proforma examples of letters to be sent by FAOs regarding the implementation of the direct billing program. The proforma letters should be used in conjunction with the auditor guidance contained in CAM section 6-1007, Direct Submission of Interim Vouchers to Disbursing Offices.

<u>DIRECT BILLING LETTERS</u>	<u>CAM REFERENCE</u>	<u>Page</u>
1. R-LETTER REQUESTING CONTRACTOR PARTICIPATION	CAM 6-1007.5a	2
2. R-NOTIFICATION LETTER TO ELIGIBLE CONTRACTOR	CAM 6-1007.5a	5
3. R-DCAA AUTHORIZATION MEMORANDUM ENCLOSURE TO NOTIFICATION LETTER TO ELIGIBLE CONTRACTOR	CAM 6-1007.5b	6
4. R-NOTIFICATION LETTER TO INELIGIBLE CONTRACTOR	CAM 6-1007.5c	7
5. LETTER RESCINDING AUTHORIZATION TO DIRECT BILL	CAM 6-1007.7c	11
6. LETTER TO DISBURSING OFFICE RESCINDING AUTHORIZATION TO DIRECT BILL	CAM 6-1007.7c	12
7. R-LETTER TO ELIGIBLE CONTRACTORS THAT CHOOSE NOT TO PARTICIPATE IN THE DIRECT BILLING PROGRAM	CAM 6-1007.5	13
8. R-DCAA AUTHORIZATION MEMORANDUM FOR ELIGIBLE CONTRACTORS THAT CHOOSE NOT TO PARTICIPATE IN THE DIRECT BILLING PROGRAM	CAM 6-1007.5	15

R - letter revised for additional criteria for submission of final vouchers within the timeframe specified in FAR 52.216-7(d)(5)

Proforma Letter Requesting Contractor Participation

Mr. Mike Jones, President

ABC Company
123 Any Street
Any City, USA 12345

Dear Mr. Jones:

DCAA has initiated a program that authorizes contractors that (1) maintain adequate internal controls for their billing systems and (2) submit timely incurred cost proposals and final vouchers in accordance with FAR 52.216-7, Allowable Cost and Payment contract clause, to submit interim public vouchers directly to government paying offices without DCAA advance approval. The Defense Finance and Accounting Service (DFAS), National Aeronautics and Space Administration (NASA), Maryland Procurement Office (MPO) and U. S. Army Corps of Engineers (USACE) paying offices participate in the direct submission program. Contractors will continue to submit final vouchers on each contract to DCAA to assist in the closing of contracts. Contractors' participation in the direct submission program is contingent on continued compliance with the above criteria. A detailed explanation of the above criteria and the conditions under which the contractor's direct submission authority may be rescinded is enclosed for your information and use. DCAA will continue to review contractors' procedures for preparing public vouchers as part of our ongoing surveillance of contractors' billing systems.

We have determined that your company is eligible to participate in the program. If you wish to participate and submit vouchers to DFAS, NASA and USACE paying offices, please provide us in writing with the name, address and telephone number of your cognizant DFAS, NASA and USACE paying office. The letter should also include your Commercial and Government entity (CAGE) code. If you submit vouchers to the MPO paying office, please indicate whether you also want to submit these vouchers directly to the MPO paying office. However, do not provide any information on the MPO paying office.

A copy of this letter is being sent to your cognizant ACO and/or MPO point of contact to keep them apprised of your participation in the direct billing program.

If you have any questions regarding the authorization to submit vouchers directly to DFAS, NASA, MPO and USACE paying offices, please contact Ms. Jane Doe, Supervisory Auditor, at (701) 555-1111.

Sincerely,

Signature
FAO Manager, DCAA
Any FAO

Enclosure:

Criteria for Direct Submission and Rescission of Direct Submission

Copy Furnished:

Cognizant ACO
MPO Point of Contact

Enclosure 2

**Criteria for Direct Submission of Interim Vouchers
To Government Paying Offices**

1. An acceptable accounting system is maintained for government contract costing. For billing purposes, the billed costs must be reconcilable to the cost accounting records.
2. Billing rates are established in accordance with FAR 42.704. FAR 42.704(b) requires the contracting officer or auditor to establish billing rates based on information resulting from recent reviews, previous audits or experience, or similar reliable data or experience of other contracting activities.
3. Allowable cumulative costs by contract are maintained to support the preparation of interim and final vouchers. Cumulative allowable costs must be maintained for the preparation of Standard Form 1035, Public Voucher Continuation Sheet. Cumulative costs are necessary to assure that the cumulative amount billed does not exceed the total estimated ceiling costs on the contract and/or the current contract maximum funding levels.
4. Billing rates are adjusted to reflect actual year-end allowable costs. At the end of your fiscal year, the recorded allowable rates and billing rates should be compared to determine if the billing rates should be adjusted. If there is a significant difference between billing and actual rates, adjust billings as soon as possible to reflect either the additional amount due you, if the billing rates are lower than actuals; otherwise credit the government for the difference if the actual rates are lower than the billing rates.
5. Contracts are briefed to assure that billings accurately reflect special cost limitations contained in contracts. Each contract should be reviewed to determine the specific billing requirements and limitations contained in the contract.
6. Fiscal year end incurred cost proposals are submitted in accordance with FAR 52.216-7, Allowable Cost and Payment clause contained in your cost type contracts. Cost data contained in incurred cost proposals is used to verify the validity of billing rates and the computation of billable indirect costs on interim vouchers. Risk associated with overbilled costs is increased when incurred cost proposals have not been received in a timely manner
7. Final vouchers are submitted in accordance with FAR 52.216-7, Allowable Cost and Payment clause contained in your cost type contracts. Risk associated with overbilled costs is increased when final vouchers are not received in a timely manner.

Rescission of Authority to Direct Bill

DCAA may rescind the authorization to direct bill when:

- (1) A DCAA audit report is issued to the contracting officer citing significant internal control deficiencies;
- (2) DCAA prepares for issuance a DCAA Form 1 or NASA Form 456, Notice of Contract Costs Suspended and/or Disapproved;
- (3) The contractor fails to apply approved billing system procedures in preparing vouchers for direct billing; or
- (4) The contractor fails to submit fiscal year end incurred cost proposals in accordance with FAR 52.216-7, Allowable Cost and Payment contract clause, or a previously agreed to plan to get current.
- (5) The contractor fails to submit final vouchers in accordance with FAR 52.216-7, Allowable Cost and Payment contract clause, or a previously agreed to plan to get current.

Proforma Notification Letter to Eligible Contractor

Mr. Mike Jones, President
ABC Company
123 Any Street
Any City, USA 12345

Dear Mr. Jones:

In response to your letter dated _____, your company is authorized to submit interim vouchers directly to Defense Finance and Accounting Service (DFAS), National Aeronautics and Space Administration (NASA), Maryland Procurement Office (MPO) and U. S. Army Corps of Engineers (USACE) paying offices based on the enclosed DCAA authorization memorandum. The authorization is contingent upon the continued (1) maintenance of adequate billing system internal controls for the preparation of public vouchers and (2) submission of incurred cost proposals and final vouchers in accordance with FAR 52.216-7, Allowable Cost and Payment contract clause. If the authorization is subsequently rescinded by DCAA, you will be notified immediately and the requirement to submit interim vouchers to DCAA will be reactivated.

A copy of this letter is being sent to your cognizant ACO and MPO point of contact. In addition, a copy of this letter is being sent the DFAS, NASA and USACE paying office (s) notifying them that you are authorized to submit vouchers directly. The MPO point of contact will notify the MPO paying office that you are authorized to submit vouchers directly to MPO. You informed us that your Commercial and Government entity (CAGE) code is _____. If this code is not correct, please notify us immediately. DFAS requires a correct CAGE code to process payments of vouchers.

When submitting interim vouchers directly to the government paying offices, one copy of the DCAA authorization memorandum should be forwarded with the voucher; the signature block on the voucher should state: "Direct Submission Authorized." If you are submitting MPO vouchers, the original MPO voucher should be sent to the paying office with a copy to the Contracting Officer Representative for each MPO contract. *Final vouchers on each contract will continue to be submitted to our office to assist in the closing of contracts.*

If you have any questions regarding this letter, please contact Ms. Jane Doe, Supervisory Auditor, at (701) 555-1111.

Sincerely,

Signature
FAO Manager, DCAA
Any FAO

Enclosure
DCAA Authorization Memorandum

Copy Furnished (with Enclosure)
Cognizant ACO
MPO Point of Contact
Cognizant DFAS/NASA/USACE Paying Office(s)

Enclosure 2

Proforma DCAA Authorization Memorandum

MEMORANDUM FOR GOVERNMENT PAYING OFFICE(S)

SUBJECT: Authorization for Direct Submission of Public Vouchers

ABC Company (1) maintains an adequate billing system and (2) submits its incurred proposals and final vouchers in accordance with FAR 52.216-7, Allowable Cost and Payment contract clause. Therefore, this contractor is permitted to directly submit public vouchers on government contracts without DCAA advance approval. By attaching one copy of this memorandum, and indicating in the signature block of the voucher that "Direct Submission [is] Authorized," the contractor is representing that DCAA has authorized direct submission of public vouchers to the DFAS, NASA, MPO and USACE paying office(s) by ABC Company. DCAA will continue to review ABC's procedures for preparing public vouchers as part of our ongoing surveillance of the contractor's billing system. The contractor's CAGE (Commercial and Government Entity) code is _____.

Please direct any questions regarding this memorandum to Ms. Jane Doe, Supervisory Auditor, at (701) 555-1111.

Signature
FAO Manager, DCAA
Any FAO

Enclosure 2
Enclosure
(to Notification Ltr. To Eligible Contractor)

**Proforma Notification Letter to Contractors Initially
Not Eligible to Participate in the Direct Billing Program**

Mr. Mike Jones, President

ABC Company
123 Any Street
Any City, USA 12345

Dear Mr. Jones:

DCAA has initiated a program that authorizes contractors that (1) maintain adequate internal controls for their billing systems and (2) submit incurred cost proposals and final vouchers in accordance with FAR 52.216-7, Allowable Cost and payment clause, to submit interim public vouchers directly to government paying office(s) without DCAA advance approval. Contractors will continue to submit the final vouchers on each contract to DCAA to assist in the closing of contracts. Contractors' participation in the direct submission program is contingent on contractors' continued compliance with the above criteria. A detailed explanation of the above criteria and the conditions under which the direct submission authority may be rescinded is enclosed for your information and use. DCAA will continue to review contractors' procedures for preparing public vouchers as part of our ongoing surveillance of contractors' billing systems.

[FAOs should either select the appropriate paragraph below, or compose a similar paragraph that addresses the specific contractor situation:]

As explained below, we do not have all the necessary information concerning your billing system internal controls to determine whether you are eligible for the direct submission program. We request you review your current billing system procedures and provide the following information:

[FAOs should list and explain those criteria for which the FAO needs information.]

[or]

As explained below, you do not meet certain criteria for participation in the direct submission program. We ask that you review your current billing system procedures, and provide an explanation and any necessary supporting documentation to demonstrate that your billing system is acceptable, or provide us with the details of what you plan to do to meet the criteria:

[FAOs should list and explain those criteria not met by the contractor. (In the case of not meeting the incurred cost proposal criteria, list all years for which proposals are needed. In the case of not meeting the final voucher criteria, list the significant contracts for which final vouchers are delinquent.)]

[or]

Enclosure 2

**Proforma Notification Letter to Contractors Initially
Not Eligible to Participate in the Direct Billing Program**

As explained below, we do not have all the necessary information concerning your billing system internal controls, *and* you do not meet certain criteria for participation in the direct submission program. Therefore you are not eligible for the direct submission program at this time. To become eligible, we request you review your current billing system procedures. For those items that we do not have all the necessary information, we ask that you provide the information requested below. In addition, for those criteria that you do not meet, we ask that you provide an explanation and any necessary supporting documentation to demonstrate that your billing system is acceptable, or provide us with the details of what you plan to do to meet the criteria.

[FAOs should list and explain:

Those criteria for which the FAO needs information, and

Those criteria not met by the contractor. (In the case of not meeting the incurred cost proposal criterion, list all years for which proposals are needed. In the case of not meeting the final voucher criterion, list the significant contracts for which final vouchers are delinquent.)]

Upon receipt of the above information, we will review your documentation. After we perform this additional work we will then determine whether you are eligible to directly submit your vouchers to government paying offices.

If you have any questions regarding this letter, please contact Ms. Jane Doe, Supervisory Auditor, at (701) 555-1111.

Sincerely,

Signature
FAO Manager, DCAA
Any FAO

Enclosure

Criteria for Direct Submission and Rescission of Direct Submission

Copy Furnished:

Cognizant ACO

MPO Point of Contact

**Criteria for Direct Submission of Interim Vouchers
To DFAS Paying Office**

1. An acceptable accounting system is maintained for government contract costing. For billing purposes, the billed costs must be reconcilable to the cost accounting records.
2. Billing rates are established in accordance with FAR 42.704. FAR 42.704(b) requires the contracting officer or auditor to establish billing rates based on information resulting from recent reviews, previous audits or experience, or similar reliable data or experience of other contracting activities.
3. Allowable cumulative costs by contract are maintained to support the preparation of interim and final vouchers. Cumulative allowable costs must be maintained for the preparation of Standard Form 1035, Public Voucher Continuation Sheet. Cumulative costs are necessary to assure that the cumulative amount billed does not exceed the total estimated ceiling costs on the contract and/or the current contract maximum funding levels.
4. Billing rates are adjusted to reflect actual year-end allowable costs. At the end of your fiscal year, the recorded allowable rates and billing rates should be compared to determine if the billing rates should be adjusted. If there is a significant difference between billing and actual rates, adjust billings as soon as possible to reflect either the additional amount due you, if the billing rates are lower than actuals; otherwise credit the government for the difference if the actual rates are lower than the billing rates.
5. Contracts are briefed to assure that billings accurately reflect special cost limitations contained in contracts. Each contract should be reviewed to determine the specific billing requirements and limitations contained in the contract.
6. Fiscal year end incurred cost proposals are submitted in accordance with FAR 52.216-7, Allowable Cost and Payment clause contained in your cost type contracts. Cost data contained in incurred cost proposals is used to verify the validity of billing rates and the computation of billable indirect costs on interim vouchers. Risk associated with overbilled costs is increased when incurred cost proposals have not been received in a timely manner.
7. Final vouchers are submitted in accordance with FAR 52.216-7, Allowable Cost and Payment clause contained in your cost type contracts. Risk associated with overbilled costs is increased when final vouchers are not received in a timely manner.

Rescission of Authority to Direct Bill

DCAA may rescind the authorization to direct bill when:

- (1) A DCAA audit report is issued to the contracting officer citing significant internal control deficiencies;
- (2) DCAA prepares for issuance a DCAA Form 1 or NASA Form 456, Notice of Contract Costs Suspended and/or Disapproved;
- (3) The contractor fails to apply approved billing system procedures in preparing vouchers for direct billing; or
- (4) The contractor fails to submit fiscal year end incurred cost proposals in accordance with FAR 52.216-7, Allowable Cost and Payment contract clause, or a previously agreed to plan to get current.
- (5) The contractor fails to submit final vouchers in accordance with FAR 52.216-7, Allowable Cost and Payment contract clause, or a previously agreed to plan to get current.

Proforma Letter Rescinding Authorization to Direct Bill

Mr. Mike Jones, President

ABC Company
123 Any Street
Any City, USA 12345

Dear Mr. Jones:

As discussed with Ms. Jane Doe of our office on _____, your authorization to submit interim vouchers directly to government paying has been rescinded. [Describe the condition(s) that has resulted in the rescission of the contractor's authority to direct bill.]

[Describe the actions the contractor must take to be reinstated in the direct submission program.]

When you have completed the above actions, please notify us and we will review the actions. If the actions correct the above noted deficiencies, we will reinstate your authorization to submit vouchers directly to government paying offices.

A copy of this letter is being sent to your cognizant Administrative Contracting Officer (ACO) and Maryland Procurement Office point of contact for notification that your company is no longer authorized to submit vouchers directly to government paying offices. We are also notifying the DFAS, NASA and USACE paying offices that your company is no longer authorized to submit vouchers directly to government paying offices.

If you have any questions regarding this letter, please contact Ms. Jane Doe , Supervisory Auditor, at (701) 555-1111.

Sincerely,

Signature
FAO Manager, DCAA
Any FAO

Copy Furnished:
Cognizant ACO
MPO Point of Contact
DFAS/NASA/USACE Paying Office

Enclosure 2

**Proforma Memorandum to DFAS, NASA, USACE and/or MPO
Point of Contact Rescinding Authorization to Direct Bill**

MEMORANDUM FOR DEFENSE FINANCE AND ACCOUNTING SERVICE (DFAS),
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION
(NASA), MARYLAND PROCUREMENT OFFICE AND U.S. ARMY
CORPS OF ENGINEERS PAYING OFFICES

ATTENTION: Point(s) of Contact, Code XXXX

SUBJECT: Rescinding ABC Company's Authorization to Directly Submit Vouchers

This is to notify DFAS/NASA/MPO/USACE that ABC Company, Cage Code_____, is no longer authorized to submit vouchers directly to DFAS, NASA, MPO or USACE for payment. Therefore, the DCAA authorization memorandum is rescinded as of the date of this memorandum.

Signature
FAO Manager, DCAA
Any FAO

**Proforma Letter to Eligible Contractors That Choose Not to Participate
In the Direct Billing Program**

Mr. Mike Jones, President
ABC Company
123 Any Street
Any City, USA 12345

Dear Mr. Jones:

As we previously notified you in a letter dated _____, DCAA has initiated a program that authorizes contractors that (1) maintain adequate internal controls for their billing systems and (2) submit timely incurred cost proposals and final vouchers in accordance with FAR 52.216-7, Allowable Cost and Payment contract clause, to submit interim public vouchers directly to Defense Finance and Accounting Service (DFAS), National Aeronautics and Space Administration (NASA), Maryland Procurement Office (MPO) and U.S. Army Corps of Engineers (USACE) disbursing offices without DCAA advance approval. Contractors will continue to submit final vouchers on each contract to DCAA to assist in the closing of contracts. Contractors' participation in the direct submission program is contingent on continued compliance with the above criteria. DCAA will continue to review contractors' procedures for preparing public vouchers as part of our ongoing surveillance of contractors' billing systems.

For contractors that meet the criteria for direct submission of vouchers, the continued review and approval of each voucher is a non value-added use of limited DCAA audit resources. The direct submission program has proved to be a significant contribution by DCAA to the Department of Defense's (DoD) efforts to streamline and improve the efficiency of government business processes. In addition, contractors that participate in the direct billing program may submit vouchers via Electronic Data Interchange (EDI) and/or web invoicing. EDI and web invoicing further improve the efficiency of the government payment process by reducing payment error rates, decreasing voucher processing costs for both the government and contractors, and more importantly for contractors, significantly improving contractors' cash flow. Accordingly, we are making a concerted effort to eliminate the requirement to approve each interim voucher.

Since your company maintains an adequate billing system and meets the criteria for direct submission of interim vouchers, we are again requesting that you participate in the direct billing program. **Please provide us a written response by [DATE] indicating whether or not you choose to participate in the direct billing program. If you do not choose to participate in the direct billing program or we do not receive a written response to this letter by [DATE], we will discontinue reviewing and signing your vouchers. Continued submission of your vouchers to DCAA will only serve to delay your payment. Beginning on [DATE], we will instead forward your unsigned vouchers to the appropriate disbursing office(s). We will notify the disbursing office that DCAA signature on each of your vouchers is not required for payment. We will continue this procedure as long as your billing system remains adequate and you do not participate in the direct billing program. However, we will continue our current procedures on final vouchers to assist us in closing out contracts.**

Mr. Mike Jones

Enclosure 2

**Proforma Letter to Eligible Contractors That Choose Not to Participate
In the Direct Billing Program**

ABC Company

If you have any questions regarding this letter, please contact Ms. Jane Doe, Supervisory Auditor, at (701) 555-1111.

Sincerely,

Signature
FAO Manager, DCAA
Any FAO

Copy Furnished
Cognizant ACO
Cognizant DFAS, NASA and USACE Disbursing Office(s) and MPO Point of Contact

MEMORANDUM FOR GOVERNMENT PAYING OFFICE (S)

SUBJECT: Authorization for Direct Submission of Public Vouchers

ABC Company (1) maintains an adequate billing system and (2) submits its incurred cost proposals and final vouchers in accordance with FAR 52.216-7, Allowable Cost and Payment contract clause. By attaching a copy of this memorandum, DCAA is authorizing payment of this interim public voucher by DFAS, NASA, MPO and/or USACE without DCAA advance approval. DCAA will continue to review ABC Company's procedures for preparing public vouchers as part of our ongoing surveillance of the contractor's billing system. The contractor's CAGE (Commercial and Government Entity) code is _____.

Please direct any questions regarding this memorandum to Ms. Jane Doe, Supervisory Auditor, at (701) 555-1111.

Signature
FAO Manager, DCAA
Any FAO

CONTRACTOR	CAGE	Zip Code	Delinquent Final Vouchers
ANTEON CORPORATION	07MU1	22030-2844	207
ALLIED TECHNOLOGY GROUP INC	0T410	20850-3167	203
NORTHROP GRUMMAN INFORMATION	1V4X9	20191-3404	82
SHARP GEORGE G INC	5R934	23462-4375	73
AVERSTAR INC	1DTD7	22182	66
CAPSTONE CORP	0CYN3	22314	58
LEAR SIEGLER SERVICES INC	08MB5	21401-7394	49
NORTHROP GRUMMAN INFORMATION	1VZG8	20171-3430	49
BAE SYSTEMS APPLIED TECH	99789	20850-3173	48
CACI DYNAMIC SYSTEMS INC.	0FJH5	22203	44
EG & G TECHNICAL SVCS INC	34157	20878	44
FORD H J ASSOCIATES INC	3X522	22202	44
KPMG CONSULTING LLC	1N8U9	22102	42
SIGNAL CORPORATION	0A0A7	22031	42
DUAL INC	0E2Z3	32751	39
TECNICO CORPORATION	0NY44	23324	37
MAR INCORPORATED..	2F821	20852	35
ADVANCED ENGINEERING AND	0CNM2	22310	30
CACI INC-FEDERAL	9M062	22201	30
COMPUTER SCIENCES CORPORATIO	52939	22042-4516	30
APEX TECHNOLOGY INC	0GBU8	22202	27
MILCOM SYSTEMS CORP	66257	23452	27
TRW INC. DBA TRW SYSTEMS	1B054	22033-4411	27
ARINC ENGINEERING SERVICES L	1WAV4	21401-7401	26
COMPAQ FEDERAL LLC	1HQN9	20770-1440	25
MCWANE & COMPANY INC DBA MAC	0T6X1	22206-3601	25
AIRGAS-EAST INC.	7A922	14901	24
COMPREHENSIVE TECHNOLOGIES I	2J617	22030-6035	24
RAYTHEON SUPPORT SERVICES CO	0PXX6	23513-2417	24
UNISYS CORP	4W798	22102-3101	24
ABACUS TECHNOLOGY CORPORATIO	0FVN8	20815	23
GENERAL DYNAMICS GOVERNMENT	0BTD9	23320	23
INTERLOG INC	3Y155	22041	23
MACI INC	029V9	22206	23
MADEN TECH CONSULTING INC.	77930	22204-5713	23
PLANNING CONSULTANTS INC	3J683	23452	23
BIRCH & DAVIS ASSOCIATES INC	5Z058	22041	22
INNOVATIVE LOGISTICS TECHNIQ	0HU12	22102	22
SYSTEM PLANNING CORP	9G490	22209	22
DTI ASSOCIATES INC.	0D0S3	22206	21
MANTECH SYSTEMS ENGINEERING	2U954	22033-3300	21
REMTECH SERVICES INC	0H9U0	23606	21
URS GROUP INC.	1N5H4	20814-4870	21
Q E D SYSTEMS INC	7B572	23455-6215	20
CONSOLIDATED LAUNCHER	4J950	23324	19
DATALINE INC.	02DL8	23513-2505	19
RAYTHEON CO DIV MISSILE SYS	15090	85706-9367	19
S3 LTD	7J762	23456-3436	19

Enclosure 3

ACS GOVERNMENT SERVICES INC.	4D149	20850-4389	17
DRAPER C S LABORATORY INC	51993	02139	17
GENERAL DYNAMICS GOVT SYS	14210	90245-3457	17
NORTHROP GRUMMAN INFORMATION	1V4D7	22102	17
PRICE WATERHOUSE COOPERS LLP	0K670	22033-4412	17
RESEARCH PLANNING INC	0CXY6	22030	17
BETAC CORP	4P514	22311	16
CHUGACH DEVELOPMENT CORP	095R7	22202	16
ELECTRONIC DATA SYSTEMS CORP	1U305	20171-3225	16
INFORMATION NETWORK SYSTEMS	9V892	18974-1772	16
INFORMATION TECHNOLOGY	0DWJ5	22042	16
AUTOMATED SCIENCES GROUP INC	2M151	22201-4798	15
CONCURRENT TECHNOLOGIES CORP	0W151	15904-1935	15
DESIGNERS & PLANNERS INC.	54436	22204	15
EER SYSTEMS INC.	7Z726	20151	15
LABAT-ANDERSON INC	9S829	22102	15
NKF ENGINEERING INC	3D795	22204	15
SAG CORPORATION DBA	1BU87	22003-2500	15
SPARTA INC	5S145	92653-1507	15
SYSTEMS INTEGRATION& RESEARC	0A3C9	22151-4177	15
CALIBER ASSOCIATES INC. DBA	8J896	22030-2840	14
CMS INFORMATION SERVICES INC	0ECV6	22180-4300	14
EOIR TECHNOLOGIES INC.	3T705	22553-1240	14
SPACE AND SENSORS ASSOCIATES	1PQH8	22182	14
TELEDYNE BROWN ENGINEERING	14925	35805	14
ARTEL INCORPORATED	0N511	20191	13
AT&T GOVERNMENT SOLUTIONS IN	7N699	22182	13
BURTON IRVING ASSOCIATES INC	1T950	22041-3896	13
DARLINGTON INC	0B918	22206	13
HARDING ESE INC	3X857	94949	13
INTEGIC CORP	0JWS8	20151	13
PEC SOLUTIONS INC	0HU01	22033	13
PLANNING SYSTEMS INCORPORATE	1K736	20191	13
SYSTEMS RESOURCE MGMT INC	6S076	02842-6335	13
VERIDIAN INFORMATION SOLUTIO	5R365	22030	13
A B TECHNOLOGIES INC	0X9T2	22311-1720	12
BAUM ROMSTEDT TECHNOLOGY RES	4J742	22031	12
HORIZONS TECHNOLOGY INC	64556	92111-2241	12
LOCKHEED MARTIN CORPORATION	98897	30063-1000	12
MADISON RESEARCH CORP	0A9A9	35805	12
MCR FEDERAL SYSTEMS	0GYV7	22102	12
MEVATEC CORP	0JLS6	35806	12
PRODUCTION TECHNOLOGY INC	0TNH7	22202	12
VSE CORPORATION	31902	22303-1499	12
ADVANCE INC	48662	20006	11
ADVANCED MARINE ENTERPRISES	55273	22042	11
ADVANCED TECHNOLOGY & RESEAR	7S553	20866	11
AMEC EARTH & ENVIRONMENTAL	0FBR8	20151	11
AMSEC LLC	1LT84	23452-7328	11
CAMBER CORP	0MWW4	35806-2801	11
COLUMBIA RESEARCH CORPORATIO	3D060	20003	11

COMPUTER ASSOCIATES INTL INC	1CP02	20171	11
COMPUTER TECHNOLOGY ASSOCIAT	0LYY7	20852-1764	11
D. P. ASSOCIATES INC.	0A495	22204	11
LOCKHEED MARTIN CORPORATION	52088	20110-4147	11
MANTECH FIELD ENGINEERING CO	0CAZ5	22065	11
SYSTEMS ENGINEERING TECHNOLO	0SG84	22312-2707	11
BAE SYSTEMS INFORMATION AND	94117	03061-0868	10
BTG INC	4V190	22030	10
ENSCO INC.	06359	22151	10
GENERAL ATOMICS AERONAUTICAL	0YJB5	92127	10
INFODATA SYSTEMS INC	5K608	22033	10
MANAGEMENT CONSULTING AND RE	5R191	22102-7805	10
MANDEX INC	3Z682	22033-3804	10
NICHOLS RESEARCH CORP	5N002	35815-1502	10
NORTHROP GRUMMAN SYSTEMS COR	90099	94088-3499	10
ROH INC DBA ROH	8R517	22202-4016	10
SCIENCE APPLICATIONS INTL	52302	92121-1578	10
SYSTEMS ENGINEERING ASSOC	2V276	02842	10
TECHNAUTICS INC	75030	20151	10
TECHNICAL AND MANAGEMENT SER	6Y852	20705-3106	10
TRANDES CORP	70401	20706	10