



DEFENSE CONTRACT AUDIT AGENCY
DEPARTMENT OF DEFENSE
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IN REPLY REFER TO

PPD 730.5.23.1

December 29, 2003
03-PPD-085(R)

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

SUBJECT: Audit Management Guidance on the Timely Completion of Defective Pricing Audits

Background

As a result of prior reviews of defective pricing audits by the Department of Defense Inspector General, Policy and Oversight (DoDIG), we agreed to review open defective pricing assignments and identify the reasons for defective pricing assignments remaining open for more than one year. Since in FY 2003 a considerable number of defective pricing assignments remained open for long periods, the regions were requested, in MRD 03-PPD-051(NR), dated July 8, 2003, to provide reasons for delays in completing assignments which had been open for more than one year. The regions were also requested to suggest any recommended changes to Agency guidance to facilitate a reduction in the number of languishing defective pricing assignments. The responses have been received from the regions and analyzed by Policy and are presented below.

Results of Regional Analyses

Regional analyses of the reasons for delays in completing languishing defective pricing audits disclosed completion of the majority (over half) of the audits were delayed due to audit management issues, specifically, workload or staffing issues, including manager and supervisor rotational changes. The regions reported a variety of other reasons for delayed completion of audits, such as contractor delays, contracting officer delays, and the existence of positive findings or complex issues.

The regions recommended no substantive changes to Agency guidance to facilitate a reduction in the number of languishing defective pricing audits. However, several regions noted management actions they plan to take to better monitor languishing defective pricing assignments. These include monitoring the Cognos Cycle Time 3a Report, Languishing Assignment Detail for Defective Pricing Assignments, either at the Regional Management Team (RMT) or Regional Audit Manager (RAM) level; and leveraging the resources of FAO defective pricing technical specialists to monitor languishing assignments and assist FAOs in completing languishing defective pricing assignments.

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Guidance

Timely performance and completion of postaward audits results in greater availability of Government and contractor documentation related to the negotiation, and greater likelihood of continued availability of Government and contractor personnel involved in the negotiation. This is key to attaining the factual information necessary to perform the audit and determine contractor compliance with the Truth in Negotiation Act. FAOs should follow existing guidance to resolve delays in receipt of information from the contractor (CAM 1-504) or contracting officers (14-115). In addition, CAM 14-113 provides guidance on the planning and timing of defective pricing audits.

At a minimum, regions should use the existing Cognos Cycle Time 3a Report to monitor regional languishing defective pricing audits. Regions should also make maximum use of FAO defective pricing technical specialists in monitoring and completing languishing defective pricing assignments. We note that, while the number of languishing defective pricing audits had been reduced to 35 as of the FY 2003 year-end cube (a reduction of 48 percent from the 68 languishing assignments at the time of the analysis), the number has increased to 73 as of the December 16, 2003 cube. Close FAO and regional monitoring is essential to ensuring timely completion of these audits.

If FAO personnel have any questions, they should contact their regional personnel. If regional personnel have any questions, they may contact Ms. Victoria Post, Program Manager, Policy Programs Division, at (703) 767-2270 or e-mail at dcaa-ppd@dcaa.mil.

/Signed/

Robert DiMucci
Assistant Director
Policy and Plans

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