

Master Advisory Service Program

C-1 OTA Advisory Service
Version 1.0, dated July 2020
Purpose and Scope
1. The purpose of this assignment is to assist the Agreements Officer (AO) or his/her Authorized Representative (AR) through the use of an advisory service. The scope of the work performed in this assignment does not constitute an audit or attestation engagement under generally accepted government auditing standards (GAGAS).
Other Considerations
Effort under the 29000 activity code, Advisory Services sub-activity, is intended for use for advisory services supporting other transaction authority awards. The use for traditional advisory services (Requests for Specific Cost Information, Processing Interim Public Vouchers, Negotiation Support, et cetera) is permitted with supervisory or office manager approval. However, use for other advisory services outside of the traditional services should be performed only after assessing whether the proposed other advisory service creates threats to independence and receiving Regional and Headquarters approval to perform the service.
Reference:
1. CAM 2-108 Advisory Services
2. CAM 2-203.4 Independence Considerations When Performing an Advisory Service
3. CAM 14-909 Evaluations of Other Transaction Agreements (OTAs)
4. DoD Other Transaction Guide dated November 2018. While this document includes references to the controlling statutory and policy provisions for DoD OT authority, the document itself is not a formal DoD policy.

Master Advisory Service Program

C-1 Calculated Provisional Rates Detailed Steps	WP Reference
<i>Auditor will develop steps based on the risk assessment</i>	
1. Contact the AO or AR to discuss their needs and ensure the proposed advisory service will meet his or her needs and objectives. Ensure he/she understands the service DCAA will provide is a service that is not performed under GAGAS.	
2.	
3.	

C-1 Calculated Provisional Billing Rates
Version 1.0, dated July 2020
Purpose and Scope
<p>2. The purpose of this assignment is to assist the Agreements Officer (AO) or his/her Authorized Representative (AR) establish or adjust provisional billing rates as required by other transaction agreement (OTA) terms. The scope of the work performed in this assignment does not constitute an audit or attestation engagement under generally accepted government auditing standards (GAGAS).</p> <p>If the AO or AR is responsible for establishing the contractor's provisional billing rates, and has requested the auditor's assistance in developing the provisional billing rates, use the procedures below and issue a memorandum with auditor-calculated provisional billing rates to the AO or AR.</p>
<p>3. Provisional billing rates should be established in a timely manner, typically at the beginning of a contractor fiscal year (i.e. to support the first voucher submitted for the year). Contractors sometimes submit contractor-generated provisional billing rates at the end of the fiscal year (voluntarily or based on agreement terms) seeking the AO or AR to establish billing rates for the new fiscal year.</p>
Other Considerations
<p>The other transaction agreement terms will establish the applicable billing terms, cost accounting, and business system requirements which are critical to assisting the AO or AR with establishing billing rates. The team must fully understand the agreement terms before agreeing to provide this advisory service.</p> <p>The audit team should tailor the procedures as necessary based on the agreement terms.</p>
Reference:
1. CAM 2-108 Advisory Services
2. CAM 2-203.4 Independence Considerations When Performing an Advisory Service
3. CAM 14-909 Evaluations of Other Transaction Agreements (OTAs)

Master Advisory Service Program

<p>C-1 Calculated Provisional Billing Rates</p> <p>4. DoD Other Transaction Guide dated November 2018. While this document includes references to the controlling statutory and policy provisions for DoD OT authority, the document itself is not a formal DoD policy.</p>
--

C-1 Calculated Provisional Billing Rates Detailed Steps	WP Reference
Version 1.0, July 2020	
1. Brief the other transaction agreement.	
2. If the AO or AR is responsible for establishing the provisional billing rates and requests auditor assistance in determining the billing rates:	
<p>a. Contact the AO or AR to discuss the request and ensure a provisional billing rate service will meet his or her needs and objectives. Ensure the AO or AR understands the service DCAA will provide is a service that is not performed under GAGAS. Explain DCAA's objective in providing the provisional billing rate service (e.g., calculating provisional rates to assist the AO or AR in establishing the provisional rates).</p>	
<p>b. If a provisional billing rate service will meet the AO or AR's needs, draft a memorandum to the AO or AR acknowledging the request for the provisional billing rate service.</p> <p><i>Note -- If the AO or AR is seeking an audit of a contractor's submission and the FAO considers the submission auditable, do not use this assignment sub-activity type. Use sub-activity type associated with the audit service to be provided.</i></p>	
3. Notify the contractor the AO or AR has requested DCAA assistance in determining the billing rates.	
4. Walk-through	
<p>a. If the contractor did not submit a provisional billing rate proposal, ask the contractor to provide a walk-through of the data related to prior year actuals, and inquire about any anticipated changes in business volume, organizational structure, and/or indirect rate structure for the new fiscal year for the auditor's consideration in calculating provisional rates to assist the AO or AR.</p>	

Master Advisory Service Program

C-1 Calculated Provisional Billing Rates Detailed Steps	WP Reference
<p>b. If the contractor submits input (e.g., budget, projections for changes, etc.) for its new fiscal year, have the contractor provide a walk-through of the input and any significant changes from previous year’s rates for the auditor’s consideration in calculating provisional rates to assist the AO or AR.</p>	
<p>5. Ask the AO or AR if he or she is aware of any contracts recently awarded to the contractor that may impact provisional billing rates. If applicable, consider if the recent awards would change the contractor’s business volume and require adjustments to historical rate data.</p>	
<p>6. If appropriate, consider if the billing rate calculations require adjustment for costs covered by advance agreements that were not applicable to prior years.</p>	
<p>7. Review the FAO perm files for relevant information from the FAO files, and request prior year-end actuals and any other data which may impact provisional billing rates.</p> <p>Note -- If no relevant historical information is available, the auditor will need to obtain a forecast from the contractor to calculate provisional billing rates. (This could be simply getting the proposal the contractor submitted, including the proposed indirect cost rates for the contract awarded.)</p>	
<p>8. Using the historical incurred cost reports, ascertain the significance and trend of any questioned costs/rates. If significant questioned costs were identified, consider decrementing by a similar amount when establishing the calculated provisional billing rates.</p> <p><i>Note – The auditor should consider the relevance of questioned costs from prior years and determine if it is likely that questioned costs identified several years ago could impact the current billing rates. (For example, have the allocation bases changed, are the rate structures the same, are those types of costs included in the calculation of provisional billing rates, etc.)</i></p>	
<p>9. Summarize what the procedures above have disclosed and calculate the provisional rates to provide to the AO or AR.</p>	

Master Advisory Service Program

A-1 Concluding Steps	WP Reference
Version 1.0, dated July 2020	
1. Summarize the results of the advisory service for supervisory review.	
2. Prepare a draft memorandum for the Agreements Officer (AO) or his/her Authorized Representative (AR), whichever is applicable.	
3. Obtain supervisory review.	
4. Discuss results with the contractor.	
5. Update permanent file after letter/memorandum is issued.	