

DCAA Policy and Procedures for Risk-Based Sampling of Incurred Cost Proposals Version 2.0

1. **PURPOSE.** The purpose of this policy is to establish the Agency's policy and procedures for sampling incurred cost proposals (ICPs) for audit.

2. **APPLICABILITY.** This policy is applicable to ICPs received on or after January 1, 2020.

3. POLICY.

a. **Adequacy Assessment.** All ICPs (with the exception of 100% subcontract and reimbursable proposals) should be assessed for adequacy within 60 days after receipt of the ICP from the contractor using the "DCAA Checklist for Determining Adequacy of Contractor Incurred Cost Proposal." If the ICP is not adequate and the deficiencies cannot be remedied with minor effort, contact the contractor to discuss the deficiencies and then return the ICP to the contractor with written instructions on required corrective actions, in accordance with CAM Chapter 6. Appropriate updates to DMIS should be made as soon as the proposal is received; assessed for adequacy or (if applicable) returned to the contractor. Adequacy assessments on 100% subcontract or 100% reimbursable proposals should not be performed until an audit request and/or funding is received.

b. **Sampling ADV of \$1 billion and greater.** An audit is required for all ICPs with Sampling Auditable Dollar Value (ADV) of \$1 billion and greater.

c. **Sampling Exclusions.** The following types of assignments are excluded from the risk-based sampling process:

- 1) **Corporate/Intermediate Home Office (IHO)/Shared Services.** Corporate, IHO, and shared services proposals are excluded from the risk-based sampling process. The Corporate/IHO/shared services and segments should coordinate during the adequacy review and risk-based sampling process to determine if a corporate IHO, or shared services audit is needed. For example, if all segment proposals are considered eligible for sampling and none of the individual segment assignments are selected for audit, the Corporate/IHO/shared services audit is not needed for that year. . If the audit is not needed, the auditor should notify the Corporate Administrative Contracting Officer or Divisional Administrative Contracting Officer and determine if they need any information or documentation. The audit year can be closed with a Memorandum for File. Coordination efforts should be documented and maintained in the working papers at corporate/IHO/shared services and segments. There is no scenario

where it would be appropriate to close the assignment(s) with a sampling memo.

- 2) Subcontract Only Proposals. ICPs for which the contractor performed as a subcontractor only for the given year (i.e. did not incur any costs on prime cost-reimbursable or T&M contracts) are excluded from the risk-based sampling process. The auditors at the prime and subcontract locations should coordinate during the adequacy assessment and risk-based sampling processes to determine if an audit of the subcontractor's proposal is necessary. For example, if all the prime contracts related to subcontracts issued to the lower-tier contractor are considered eligible for sampling and not selected for audit, an audit of the subcontractor's proposal is not needed. Alternatively, an audit of the subcontractor's proposal may not be necessary based on the prime auditor's assessment of materiality and risks. Inventory assignments for subcontract only ICPs should not be set-up until a need for an audit is determined. There is no scenario where it would be appropriate to close the assignment(s) with a sampling memo. As a result, all 100% subcontractor only proposals shall be excluded from sampling.
- 3) Reimbursable Proposals for Non-Participating Agencies. Submissions that contain contracts which are 100% with non-participating agencies are excluded from the risk-based sampling process. See the "Reimbursable Guidance For Risk-Based Sampling" (Enclosure 3) for detail on participating and non-participating agencies.
- 4) Office of Naval Research (ONR)- Educational Institutions and Single Audits (formerly A-133). ONR participates in risk-based sampling for ICPs from nonprofit organizations with the exception of ICPs from educational institutions and assignments for single audits (formerly A-133).
- 5) Field Detachment (FD) Direct Cost Only. FD direct cost only assignments in which a region / CAD FAO is responsible for auditing the indirect rates are excluded from risk-based sampling. The FD and mainstream auditor's shall coordinate to determine if an FD direct cost audit is necessary.
- 6) Operations Investigative Support Division (OIS) Do Not Sample List. Assignments on the OIS "Do Not Sample List" are ineligible for inclusion in the risk-based sampling universe.

d. Risk-Based Sampling. ICPs with Sampling ADV less than \$1 billion and determined to be adequate will be assessed for sampling eligibility using the appropriate sampling eligibility determination form. The ICPs that do not meet the criteria for sampling based on the risk-based sampling framework will be audited. ICPs that meet the criteria for sampling will be included in the sampling universe

and subject to random selection for audit based on established sampling parameters.

- 1) RAM/CAM Approval of Audits for ICPs With Sampling ADV Less than \$5 Million. RAM/CAM approval is required upon determination that an audit is required (i.e. ineligible for sampling) for an ICP with sampling ADV less than \$5 million. The RAM/CAM review and approval of the sampling eligibility determination is required before commencement of the audit.
- 2) Risks Related to Specific Direct Cost. A 17900 engagement can be opened to audit specific direct cost while still including the overall ICP in the risk-based sampling pool, if:
 - There are specific direct cost risk(s) identified on a specific contract(s) that do not affect the indirect rates; and
 - No other factors are identified that would render the ICP ineligible for sampling.

This will usually be the result of a contracting officer concern or a subcontract assist request. The auditor may also consider other services in lieu of a 17900 examination if the circumstances lend.

- 3) Establishing Direct Costs Only Assignments (10100) When the Agency Responsible for the Indirect Rates Will Not Participate. When another federal agency is responsible for establishing the indirect rates, i.e., the Cognizant Federal Agency (CFA) is not DoD, and that agency is not willing to provide funding / participate in the risk-based sampling process / audit, the DoD contracts (direct costs only) in the submission may still be eligible for inclusion in the risk-based sampling process. The 10100 assignment should be changed to direct costs only. The auditor should follow the general risk-based sampling procedures in Enclosure 2 modified appropriately for the circumstances. For example:
 - Sampling ADV should reflect only the direct costs on DoD contracts;
 - When completing sampling eligibility determinations, auditors should consider risk factors that impact the direct costs on DoD contracts only; and
 - If the assignment is not selected for audit, the auditor should use the Risk-Based Sampling Memo – Direct Cost Only template to notify applicable contracting officers.

DMIS

The contractor type code should be changed to direct costs in the assignment module in DMIS. The auditor should also input comments in

DMIS explaining the change to a direct cost only assignment. The comments should also identify the CFA.

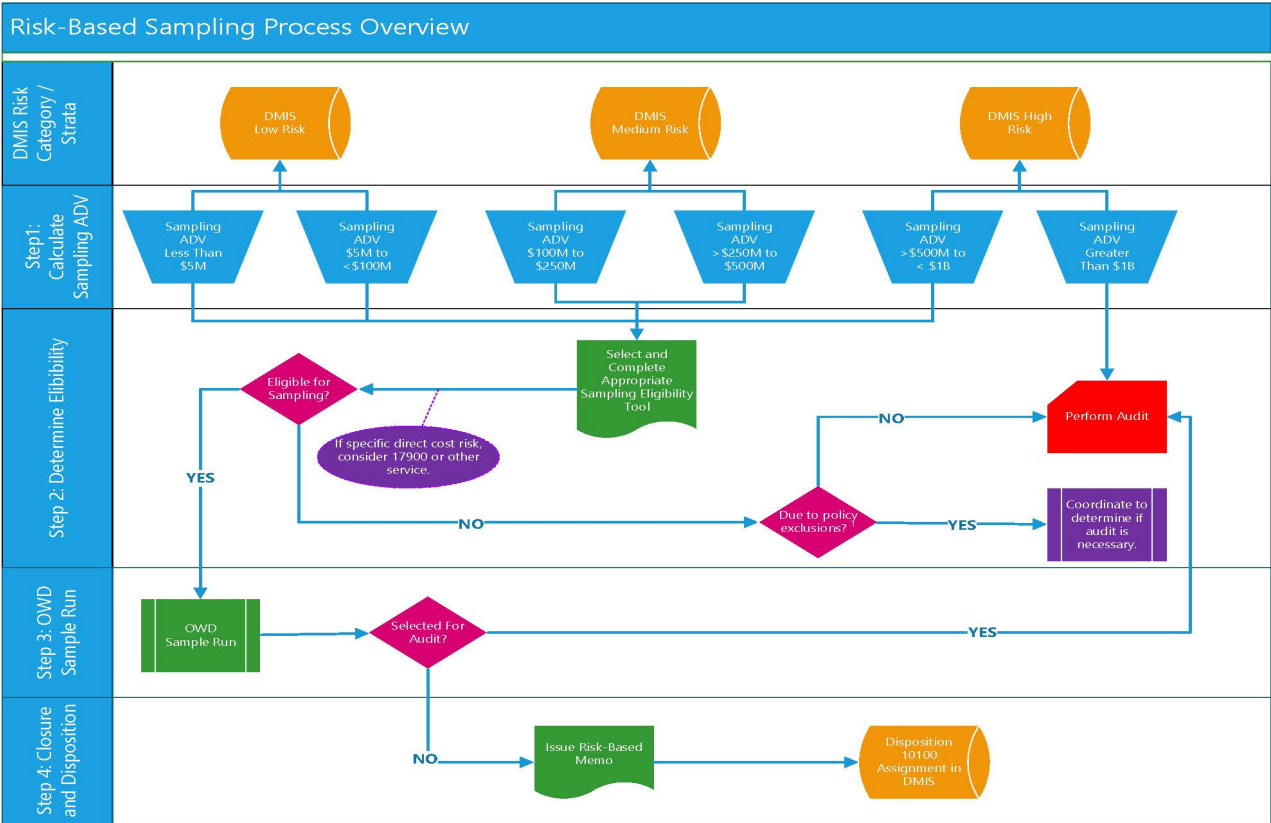
4) Closing and Dispositioning Assignments Not Selected for Audit. The auditor should perform the following three actions to close and disposition assignments that were included in the risk-based sampling universe but not selected for audit:

- The auditor should issue the indirect cost rate agreement letter to the contractor, if the indirect rates are auditor determined or the contracting officer has delegated the authority. The auditor should not issue an indirect cost rate agreement letter for indirect rates that are not auditor determined or when the contracting officer has not otherwise delegated the authority.
- Issue a memorandum to the contracting officer notifying them that the ICP was not selected for audit. The final indirect rate agreement letter should be attached, if applicable.
- Appropriately disposition the assignment in DMIS.
- See Closure and Disposition Instruction section in the enclosure 2 for more details.

4. Procedures. Refer to the enclosures listed below:

- Enclosure 1 – Risk-Based Sampling Process Overview – Flowchart
- Enclosure 2 – Risk-Based Sampling Framework and Procedures
- Enclosure 3 – Reimbursable Guidance for Risk-Based Sampling

FOR OFFICIAL USE ONLY



FOR OFFICIAL USE ONLY

Risk-Based Sampling Framework and Procedures

Version 1.1

Section 1: Overview

The Agency’s risk assessment framework provides for three levels (or strata) of risk: low, medium, and high. The materiality of the incurred cost proposal (ICP) shall determine the risk level assigned and the qualitative factors for each stratum shall determine if the ICP is eligible or ineligible for sampling. The likelihood and frequency of audit varies based on each stratum’s criteria. The ICP’s materiality or sampling ADV defines the risk classification / strata thresholds. The below table summarizes the risk levels / strata and the established sampling parameters.

<u>Risk Category</u>	<u>Sampling ADV</u>	<u>Sampling Percentage</u>	<u>Notes</u>
Low	<\$5M	0.5%	
	\$5M - <\$50M	5%	
	\$50M - <\$100M	10%	
Medium	\$100M - \$250M	20%	Mandatory audit every 5 th year.
	>\$250M - \$500M	25%	Mandatory audit every 4 th year.
High	>\$500M - <\$1B	25%	Mandatory audit every other year.
	\$1B or more	N/A	Audit must be performed each year.

Section 2: Sampling ADV

Sampling ADV determines an ICP’s risk category and stratum. Sampling ADV is an estimate of the maximum potential government risk and is **not** the same as the standard ADV calculation. Sampling ADV includes:

- Total proposed costs on Government flexibly-priced contracts / subcontracts (excluding T&M);
- Total billed costs on Government T&M contracts / subcontracts;
- Less:

- direct costs only on non-participating reimbursable customer flexibly-priced contracts / subcontracts (excluding T&M); and
- total billed costs on non-participating reimbursable customer T&M contracts / subcontracts.

The auditor should calculate Sampling ADV to determine which Sampling Eligibility Determination form (located on the “Audit Programs, Reports, OAG” webpage) to use in assessing sampling eligibility. The auditor should also enter this number in the Sampling ADV field in DMIS. Below illustrates how to calculate Sampling ADV:

<u>Cost Category</u>	<u>Source</u>
Total costs on flexibly-priced Government prime contracts and subcontracts (excluding T&M)	Schedule H
Total billed costs on Government T&M contracts and subcontracts	Schedule K or I
Less:	
Any unclaimed amounts included in totals above	Schedule H
Direct costs on non-participating reimbursable flexibly-priced contracts and subcontracts (excluding T&M)	Schedule H
Total billed costs on non-participating reimbursable T&M contracts and subcontracts	Schedule K or I

Section 3: Qualitative Factors

The answers to specific risk questions determine the sampling eligibility within each risk category / stratum. The questions differ for each stratum but relate to the following qualitative risk factors:

- History of significant questioned costs (see Section 5);
- Contracting officer / DCAA concerns;
- Status of accounting system survey or audit;
- Presence of relevant business system deficiencies;
- Significant accounting practice changes; and
- Significant organizational changes.

The following chart depicts the specific questions the auditor is required to answer to determine sampling eligibility by risk category and strata. Each risk determination form incorporates the applicable questions.

	Applicable Strata (Sampling ADV \$)					
	<u><\$5M</u>	<u>\$5M to <\$100M</u>	<u>\$100M to \$250M</u>	<u>>\$250M to \$500M</u>	<u>>\$500M to <\$1B</u>	<u>>\$1B</u>
Mandatory Audit Cycle	N/A	N/A	Year 5	Year 4	Year 2	Every Year
<u>Risk Questions:</u>						
1. Were there significant questioned costs in the last completed incurred cost audit?	X	X	X	X	X	N/A
2. Are there any Department concerns from contracting officer, COR, PCO, DCAA, etc. with a significant impact on this ICP?	X	X	X	X	X	N/A
3. Does the contractor have a pre-award accounting system survey (17740) that resulted in an unacceptable opinion, or a disapproved accounting system due to a post-award accounting system (17741 or 11070) audit?	N/A	X	X	X	X	N/A
4. Does the contractor have any business system deficiencies relevant to incurred costs for the year subject to audit?	N/A	N/A	X	X	X	N/A
5. Does the contractor have any significant accounting practice changes in the year subject to audit?	N/A	N/A	X	X	X	N/A
6. Has the contractor experienced significant organizational changes in the year subject to audit?	N/A	N/A	X	X	X	N/A

Section 4: Instructions for Completing Sampling Eligibility Determinations

Sampling ADV Less than \$5 Million

- Use the “**Risk-Based Sampling Eligibility Determination Tool_Sampling ADV Less Than \$5M**” to determine if the ICP is eligible for sampling or if an audit is required.
- If the answers to all the applicable sampling eligibility questions are “**No**”, code the ICP as “**Eligible For Sampling**” in DMIS.
- If the answer is “**Yes**” to one or more of the eligibility questions, the RAM/CAM shall review and approve the risk determination prior to commencement of an audit. Upon RAM / CAM approval, the auditor should code the assignment as “**Not Eligible for Sampling**” in DMIS.

Sampling ADV \$5 Million to Less Than \$100 Million

- Use the “**Risk-Based Sampling Eligibility Determination Tool_Sampling ADV \$5M to Less Than \$100M**” to determine if the ICP is eligible for sampling or if an audit is required.
- If the answers to all the applicable sampling eligibility questions are “**No**”, code the ICP as “**Eligible for Sampling**” in DMIS.
- If the answer is “**Yes**” to one or more of the eligibility questions, the ICP is ineligible for sampling and must be audited. The auditor should code the ICP as “**Not Eligible for Sampling**” in DMIS.

Sampling ADV \$100 Million to \$250 Million

- Use the “**Risk-Based Sampling Eligibility Determination Tool_Sampling ADV \$100M to \$250M**” to determine if the ICP is eligible for sampling or if an audit is required.
- If the **prior four** incurred cost years were closed with low risk or risk-based sampling memos, the ICP must be audited. The auditor should code the ICP as “**Not Eligible for Sampling**” in DMIS.
- Otherwise, if the answers to all the applicable sampling eligibility questions are “**No**”, code the ICP as “**Eligible for Sampling**” in DMIS.
- If the answer is “**Yes**” to one or more of the eligibility questions, the ICP is ineligible for sampling and must be audited. The auditor should code the ICP as “**Not Eligible for Sampling**” in DMIS.

Sampling ADV Greater Than \$250 Million to \$500 Million

- Use the “Risk-Based Sampling Eligibility Determination Tool_Sampling ADV Greater Than \$250M to \$500M” to determine if the ICP is eligible for sampling or if an audit is required.
- If the prior three incurred cost years were closed with risk-based sampling memos, the ICP must be audited. The auditor should code the ICP as “Not Eligible for Sampling” in DMIS.
- Otherwise, if the answers to all the applicable sampling eligibility questions are “No”, code the ICP as “Eligible for Sampling” in DMIS.
- If the answer to is “Yes” to one or more of the eligibility questions, the ICP is ineligible for sampling and must be audited. The auditor should code the ICP as “Not Eligible for Sampling” in DMIS.

Sampling ADV Greater Than \$500 million But Less Than \$1 Billion

- Use the “Risk-Based Sampling Eligibility Determination Tool_Sampling ADV Greater Than \$500M to Less Than \$1B” to determine if the ICP is eligible for sampling or if an audit is required.
- If the prior incurred cost year was closed with a risk-based sampling memo, the ICP must be audited. The auditor should code the ICP as “Not Eligible for Sampling” in DMIS.
- Otherwise, if the answers to all the applicable sampling eligibility questions are “No”, code the ICP as “Eligible for Sampling” in DMIS.
- If the answer is “Yes” to one or more of the eligibility questions, the ICP is ineligible for sampling and must be audited. The auditor should code the ICP as “Not Eligible for Sampling” in DMIS.

Sampling ADV \$1 Billion or Greater

An audit is required for all ICPs with sampling ADV of \$1 billion or more. The auditor does not need to complete a risk determination tool.

Section 5: Calculating Significant Questions Costs

The existence of significant prior year questioned costs may determine an ICP ineligible for sampling. Use the calculated quantified materiality threshold (QMT) for the prior year assignment as a basis to determine the existence of significant prior year questioned costs. The quantified materiality threshold is defined in CAM 6-107. However, the auditor should use professional judgement in considering whether or not prior year questioned costs less than the QMT should be considered significant.

The auditor should consider factors such as whether or not the contractor concurred with the prior findings, future treatment of the costs, is litigation likely, etc. For example, if expressly unallowable costs less than the QTM were questioned and the contractor did not concur with the findings, it's likely that the current year ICP would also include the subject costs. Thus, this may be considered significant to the current ICP. However, if the contractor concurred and agreed to make adjustments, it may not be significant to the current ICP. Further, if litigation is in process or likely to occur related to the subject costs, the FAO should coordinate with their region / CAD prior to placing the ICP in the sampling universe.

Section 6: Risk Related to Specific Direct Cost(s)

If there are identified risk(s) that relate only to specific direct cost(s) on a specific contract(s), that would not have an impact on the indirect costs, the auditor should determine which type of service / engagement would best overcome the identified risk(s). First, the auditor should assess the potential impact the risk(s) may have. For example, if there are multiple concerns on different contracts, this may indicate the need to perform a full incurred cost audit (10100). However, if it is an isolated concern, the performance of another service / engagement may be sufficient to overcome the identified risk(s).

If the risk(s) pertain to the allowability of specific direct costs charged to a contract in the given year, a 17900 engagement to examine those specific costs may be most appropriate. However, some circumstances may lend to other services such as an advisory service agreed-upon-procedures assignment. The auditor should work in coordination with the contracting officer to determine the best level of service to overcome the identified risk(s) and meet his/her needs.

If a 17900 examination is deemed appropriate to address the specific risk(s), it is a management decision whether to immediately start the 17900 examination or to wait and see if the ICP is randomly selected for audit during the quarterly selection process. *(Note: If the ICP is randomly selected and a 17900 was not started, the risk assessment for the ICP should document the risk associated with the direct cost(s) and appropriate audit steps should be developed to overcome the identified risk. If a 17900 was started and the ICP is selected for audit, the 17900 should be closed and the work incorporated into the 10100 assignment.)*

- The audit team will need to develop the audit program to assess the specific risk and develop audit steps to overcome the identified risk.
- If the audit team has determined that the specific identified risk would not have an impact on indirect cost, the audit team can designate the ICP as eligible for sampling and include it in the risk-based sampling pool for potential selection. If the ICP is not selected, follow the procedures specified in the Closure and Disposition Instructions section below, for the

issuance of the Risk-Based Sampling Memo and disposition of the 10100 assignment.

- If the identified risk(s) significantly impacts indirect costs, the ICP should be designated as not eligible for sampling.

Section 7: Closure and Disposition Instructions

The auditor should perform the following three actions to close and disposition assignments that were included in the risk-based sampling universe but not selected for audit:

1. The auditor should issue the indirect cost rate agreement letter to the contractor (using the sample Risk-Based Sampling Rate Agreement letter located on the “Audit Programs, Reports, OAG” webpage), if the indirect rates are auditor determined or the contracting officer has delegated the authority.
 - The auditor should not issue an indirect cost rate agreement letter for indirect rates that are not auditor determined or when the contracting officer has not otherwise delegated authority.
2. Issue a memorandum to the contracting officer notifying them that the ICP was not selected for audit.
 - If the auditor issued a rate agreement letter to the contractor use the “**Risk-Based Sampling ACO Memo – Auditor Determined Rates**” template.
 - If the contracting officer will settle the rates use the “**Risk-Based Sampling ACO Memo – Contracting Officer Determined Rates**” template.
 - If the assignment is for direct costs only use the “**Risk-Based Sampling Memo – Direct Costs Only**” template.
 - Both templates are on the “Audit Programs, Reports, OAG” webpage.
 - Appropriately disposition the assignment in DMIS.

General Instructions

1. Indirect Rate Agreement:

- If applicable, issue the indirect cost rate agreement to the contractor (using the sample Risk-Based Sampling Rate Agreement).
- Attach Schedules H and I.

- If applicable, attach the following:
 - The Schedule of Specific Indirect Cost Items Treated as Direct in the Settlement of CFY 20XX; and
 - Schedule of Special Indirect Cost Rates for Contracts Containing Advance Agreements or Special Provisions.

2. Memorandum for Contracting Officer:

- Issue a Memorandum for Contracting Officer (using the Risk-Based Sampling ACO Memo – Auditor Determined Rates or Risk-Based Sampling ACO Memo – Contracting Officer Determined Rates or Risk-Based Sampling Memo – Direct Cost Only templates).
- The signed indirect cost rate agreement (if applicable), subcontractor release statement (if applicable), and Schedules H and I should be attached to the Risk-Based Sampling Memorandum for Contracting Officer.

3. DMIS Disposition:

- Close the 10100 assignment with disposition code “N – Assignment completed but no formal report issued” with the “Risk-Based Memo” option from the memo type drop-down menu. Enter the date the memorandum was signed in the disposition date field.
- Calculate and enter dollars examined in the same manner as if an audit were performed to ensure we maintain visibility of the dollars associated with assignments closed without audit. Costs questioned and total exception dollars will be reported as zero.
- Complete the Audit Determined/Negotiated field. Select “D = Audit Determined” if the FAO issued a Risk-Based Sampling Memo with a rate agreement letter. Select “N = Negotiated” if the FAO issued a Risk-Based Sampling Memo without a rate agreement letter.

Deviations If 17900 is Being Performed to Address Specific Direct Cost(s) Risks

For assignments in which a 10100 assignments was not selected for audit but a 17900 was opened to address specific identified direct cost(s) risks on a specific contract, follow the general instructions above with the following adjustments:

1. Indirect Rate Agreement:

Ensure Attachment 1 to the letter identifies the contract(s) in which a 17900 audit of direct cost(s) is being or was performed. For any 17900 audit on

direct cost(s) that was performed and has questioned cost, include the application of proposed indirect rates.

2. Memorandum for the Contracting Officer:

- If a 17900 audit is being performed, indicate on Schedule H and I the contract, the specific direct cost(s) under examination, and the 17900 assignment number.
- If there are questioned direct cost because of a completed 17900 audit, indicate on Schedules H and I the amount of the direct questioned cost and the application of the proposed indirect rates for the contract.

3. DMIS Disposition:

- Reduce dollars examined by the dollars examined in the 17900 assignment(s), to ensure we maintain visibility of the dollars associated with assignments closed without audit.

FOR OFFICIAL USE ONLY

REIMBURSABLE GUIDANCE FOR RISK-BASED SAMPLING

Version 1.1

The purpose of this guidance is to provide Field Audit Offices (FAOs) with direction on when to include contractor submissions in the Risk-Based Sampling process when federal non-DoD contract dollars are in the Sampling ADV. The participation in the Risk-Based Sampling process is dependent upon the cognizant federal agency (CFA) for establishing the indirect rates and coordination efforts with the cognizant federal agency official (CFAO). The table below summarizes participation and coordination efforts required.

If the CFA is...	Risk-Based Sampling Process	CFA Coordination Required
DoD	Include	Complete Risk-Based Sampling Eligibility Determination Tool.
NASA	Exclude	Notify NASA the assignment is being cancelled and NASA may request an audit if desired.
Other Non-DoD entity	Inquire with customer	Request customer approval and funding prior to inclusion in Risk-Based Sampling Process.

If CFA is DoD

If DOD is the Cognizant Federal Agency (CFA) for establishing the indirect rates, the submission will be included in the Risk-Based Sampling process. Further, if the rates are auditor determined (FAR 42.705-2), reimbursable customer’s approval to establish the rates using the risk-based sampling process is not required.

If CFA is NASA

NASA will not accept risk-based sampling memos issued by DCAA on contractors where the preponderance of the work relates to NASA contracts. Field Audit Offices should not issue risk-based sampling memos on behalf of NASA for these contractors. For authorized audits where NASA does not have the preponderance of the work, audit teams must coordinate with NASA, as part of the risk-based sampling process, to determine whether any issues/concerns

exist on NASA contracts before determining sampling eligibility. Auditors shall follow up this conversation with NASA via the email address listed in the [reimbursable billing information sheet for NASA](#).

If CFA is Other Non-DoD Agency

The auditor must coordinate with the cognizant federal agency official (CFAO) to determine if they want to participate in the risk-based sampling process. The CFAO's concurrence with sampling eligibility and their willingness to fund the risk-based sampling advisory service and audit (if selected), must be obtained prior to placing the submission in the risk-based sampling universe. The points of contract for non-DoD customers are available on the [Reimbursable Customer Information Sheets](#) in the DMIS User Guide.

Non-Participating Submissions

If the CFA is a non-DoD agency that is not willing to participate and there are no DoD contract dollars in the submission, the auditor should cancel the assignment or close it with a memo as appropriate [see CAM 4-403.f.(3)]. However, if the submission contains DoD prime contract dollars the assignment should be changed to direct cost only covering the DoD direct contract dollars only. Auditors should follow the general risk-based sampling procedures with appropriate modifications to reflect the focus on direct DoD contract dollars only.

Reimbursable Coding of Assignments Closed with a Risk-Based Sampling Memo

- Assignments that are 100% reimbursable to participating agencies should be coded as reimbursable to that customer.
- Assignments with a mix of DOD and non-DoD should not be coded as reimbursable, if the incremental hours required to include the non-DoD contracts would be minimal.

Customer-Specific Guidance

Specific customers have requested additional coordination as shown below:

Customer	FCID	Customer-Specific Guidance
Department of Energy (DOE)	0200	<ul style="list-style-type: none">• Provide customer with a copy of the completed Risk-Based Sampling Eligibility Determination Tool.

		<ul style="list-style-type: none"> • Coordinate on whether DCAA or DOE will issue a rate agreement letter (DOE will prepare in most cases).
Office of Naval Research (ONR)	N/A	<ul style="list-style-type: none"> • Within DoD, the Office of Naval Research (ONR) is responsible for cost negotiation for grants and contracts at educational institutions, and nonprofit organizations. Assignments performed for ONR should not generally be coded as reimbursable. • ONR has agreed to participate in the risk-based sampling initiative for incurred cost proposals at nonprofit organizations, except for proposals from educational institutions or proposals for the performance of Single Audits (formerly known as A-133 audits). When performing risk-based sampling advisory services for nonprofit organizations for ONR, auditors should prepare the risk-based sampling memo, but should not complete the rate agreement letter. ONR will finalize the rates for these nonprofit organizations using our risk-based sampling memo. • Questions on ONR contracts may be directed to Ms. Beth Snyder, Director, Indirect Cost, at beth.snyder@navy.mil or (703) 696-5755.

Refer to the [Reimbursable Customer Information Sheets](#) in the DMIS User Guide for additional non-DoD customer-specific guidance.

Questions regarding non-DoD participation in the risk-based sampling initiative can be directed to DCAA-FLA-NONDOD@dcaa.mil or to your [regional reimbursable representative](#).