



**DEFENSE CONTRACT AUDIT AGENCY**  
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IN REPLY REFER TO

PSP 730.5.01.A

February 25, 2021  
21-PSP-002(R)-Revised

MEMORANDUM FOR REGIONAL DIRECTORS, DCAA  
CORPORATE AUDIT DIRECTORS, DCAA  
ASSISTANT DIRECTORS, HQ, DCAA

SUBJECT: Revised Audit Guidance on Forward Pricing Rate Proposal Audit (23000), Revised Audit Criteria

### **What You Need to Know**

The Forward Pricing Rate Proposal Audit (23000) criteria is revised to reflect the evaluation of the proposal using the following: FAR Part 15, FAR Part 31, applicable Agency Supplements, and Cost Accounting Standards (CAS) if applicable.

### **What Auditors Need to Do**

Auditors should use the revised criteria when performing and reporting on all new forward pricing rate proposal audits (Activity Code 23000).

### **Why did we revise the audit criteria?**

This change was made to enhance the reported criteria used to evaluate (1) the acceptability of a contractor's forward pricing rate proposal and (2) the proposed costs using the cost principles and procedures applicable to pricing contracts, subcontracts and modifications. We determined the use of FAR Part 15 alone did not clearly communicate the criteria used to evaluate proposed costs.

Some of the major changes are:

- FAR Part 31, applicable Agency Supplements and CAS (if applicable) were added to reflect the audit criteria used for cost evaluation.
- Working papers A and A-01 were adjusted to reflect the criteria change.
- Working paper B-01 was updated to add a step to assess the applicable Agency Supplements to be considered. Significant changes to the audit program steps were not necessary because FAR, CAS and Agency Supplements criteria were already factored into the existing standard audit program.

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### **Questions and Further Information**

FAO personnel with additional questions regarding this audit alert should contact their regional or CAD offices. Regional/CAD personnel with questions regarding this audit alert should contact Mr. Brian Reinhart, Program Manager, Policy Pricing and Special Projects Division at (571) 448-4451 or via e-mail at [DCAA-PSP@dcaa.mil](mailto:DCAA-PSP@dcaa.mil).

*/Signed/*

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