



DEFENSE CONTRACT AUDIT AGENCY

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

SUBJECT: Revised Guidance on Interim Cost Voucher Reviews

Effective February 1, 2021, the Agency's approach for performing interim cost voucher reviews is adjusted to better align risk and efficiencies with our Agency resources.

What you Need to Know

Interim cost voucher sampling parameters will be adjusted to refine DCAA's methodology for reviewing interim public vouchers. Specifically, DCAA plans to review all first-time vouchers for all new contractors and new contracts. Sampling parameters for existing contractors/contracts will be set to reflect Agency-wide risk levels and adjusted based on a data analytics approach, as further discussed below. However, Field Audit Offices' (FAOs) will have the flexibility to adjust parameters, as needed, to address known risks, emerging customer concerns or significant changes in the contractors' billing environment. Also, a data analytics approach will be implemented to provide ongoing monitoring of cost vouchers routed through Wide Area Work Flow (WAWF), resulting in risk-based parameter expectations for future interim reviews. Vouchers selected for interim review will be processed using a revised Public Voucher Assessment Tool (PVAT), which includes specific procedures for key voucher elements not currently validated outside of DCAA. These changes will impact the volume of vouchers routed to FAOs for approval. Consistent with our current interim voucher process, all vouchers not routed to an FAO for review will be considered provisionally approved for payment.

- Data Analytics: HQ will monitor vouchers routed through WAWF using data analytics. This process will give the Agency continuous visibility of contractors' billings to the Government and may identify risks that warrant voucher reviews and may indicate a need to adjust sampling parameters. This analysis will also provide useful information for Agency customers and planning purposes.

- **Parameter Changes:** When risk warrants it, and at the discretion of the Regions and Corporate Audit Directorates, the high-dollar amount and sample rate parameters can be adjusted to increase the number of vouchers routed to the FAO for approval.
- **First Vouchers:** First vouchers for contractors, contracts and delivery order/task orders (DO/TOs) will continue to be routed to FAOs for approval.
- **PVAT Revision:** A revised PVAT will be used for vouchers selected by the sampling parameters and for first vouchers.

What Auditors Need to Do

When applicable, vouchers that are identified as high-risk, first voucher or are randomly selected by the risk-based sample rate, the auditor should complete the PVAT and approve or reject the voucher as they normally would. The initial update to sampling parameters will be implemented globally through HQ and WAWF.

For questions regarding this MRD, please contact Emily Hickox, OTS Branch Chief at (571) 448-4040 or via e-mail at emily.hickox@dcaa.mil.

/s/

Bruce B. Miller

Assistant Director, Operations

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