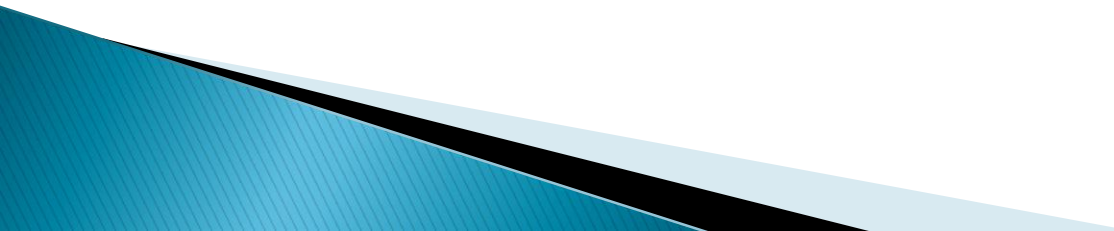


INCURRED COST SUBMISSIONS

Submitting a Quality Report
Presented by Laura Davis, Strategic
Consulting Solutions, Inc.

Agenda

- ▶ Requirements for Incurred Cost Submission (ICS)
 - ▶ Format of ICS
 - ▶ Deadlines
 - ▶ Audits
 - ▶ Getting Started
 - ▶ Schedules
 - ▶ Submitting your ICS
- 

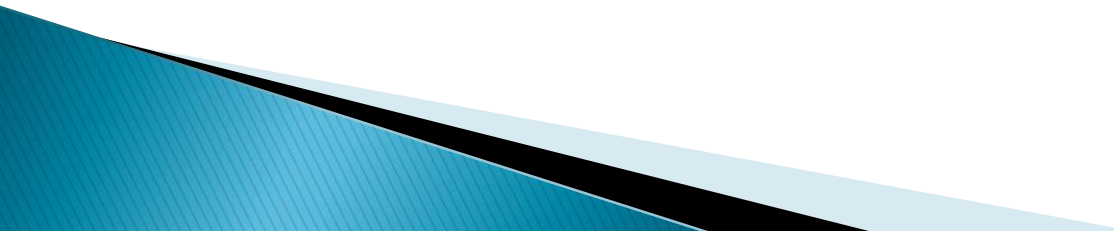
Incurring Cost Submissions

- ▶ Allows the government to determine that they were billed appropriately
- ▶ Required for Cost Plus Contracts
- ▶ May be required for T&M Contracts
 - FAR Clause 52.216-7 (Allowable Cost and Payment)
 - Omission of this clause does not eliminate requirement
- ▶ Not required for Fixed Price Contracts

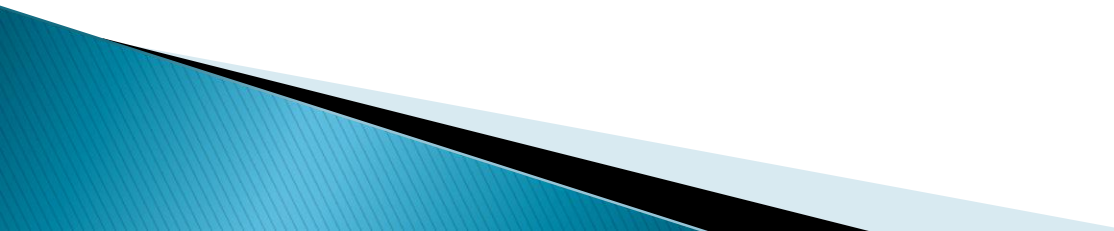
Format

- ▶ Download DCAA's ICE model.
 - Can be downloaded at www.DCAA.mil
 - Not required to use
 - Modify to match your indirect rate structure
 - First year will take more setup time
 - Not all schedules are used
- ▶ Create your own model
 - Must have appropriate schedules
 - Need to build links within document

Due Date

- ▶ Report is due to DCAA within 6 months after end of fiscal year
 - ▶ Extensions must be approved by contracting officer
 - ▶ DCAA will probably not audit for a period of time
- 

DCAA Audits

- ▶ DCAA will audit the submission
 - ▶ Based on previous audits, DCAA will budget estimated time
 - Previous audits with large number of findings will require more budgeted hours
 - Previous audits with fewer number of findings will require less budgeted hours
 - If previous audits have been favorable, DCAA will move to Desk Review, which involves less audit time
- 

DCAA Audits

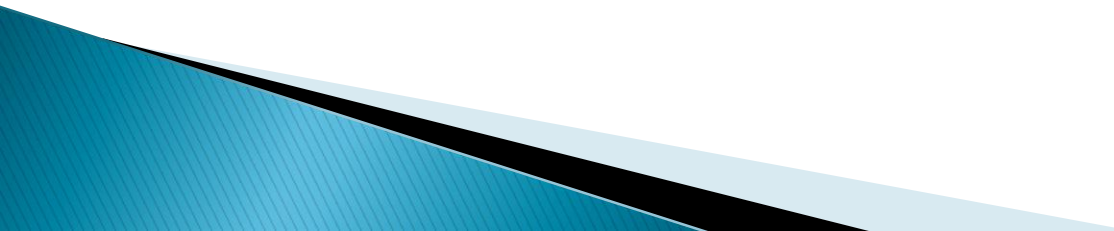
▶ T&M Contracts

- Auditing G&A and/or Handling Pool rate calculations and verifying correct rates were used
- Verifying hours incurred match hours billed
- Verifying billing rates match the contract
- May verify that any non-labor costs are allowable and reasonable

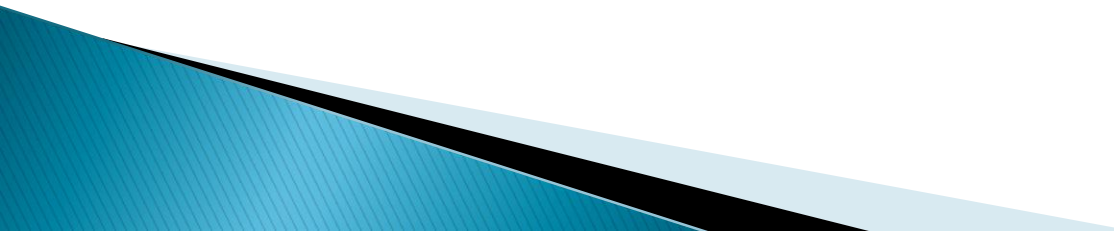
▶ Cost-Plus

- Indirect Rate calculations and their application to the contract
- Direct costs for allowability and reasonableness
- Verifying contract provisions

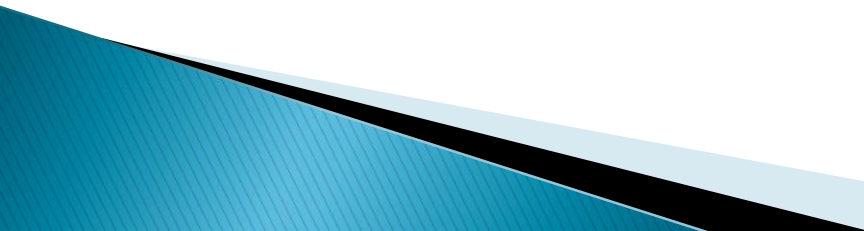
Getting Started

- ▶ Verify that you can separate direct costs from indirect costs
 - ▶ Verify that you can separate direct costs by contract/task
 - ▶ Verify that you can separate indirect costs by indirect cost pool
 - ▶ Verify that you have reliable supporting documentation
- 

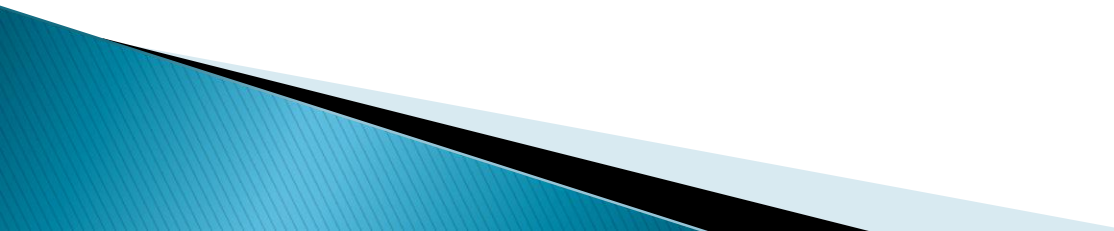
Schedules

- ▶ Schedule A – Summary of Claimed Indirect Rates
 - ▶ Schedule B – G&A Expenses (Final Pool)
 - ▶ Schedule C – Overhead Expenses (Final Pool)
 - ▶ Schedule D – Occupancy Expenses (Intermediate Pool)
 - ▶ Schedule E – Claimed Allocation Bases
 - ▶ Schedule F – Facilities Capital Cost of Money
 - ▶ Schedule G – Reconciliation of Book to Claimed
 - ▶ Schedule H (Summary) – Summary of Schedule H direct Costs
- 

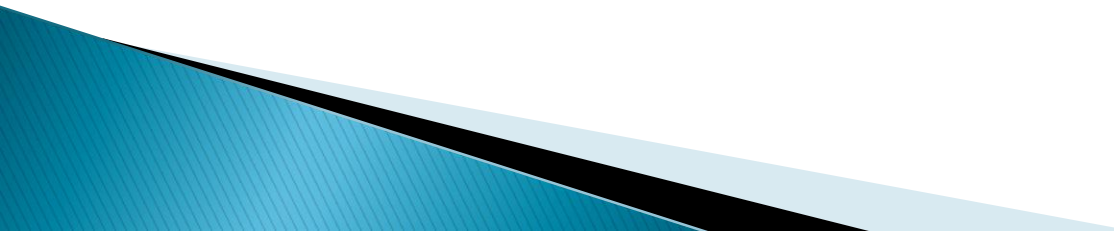
Schedules (Cont'd)

- ▶ Schedule H – Summary of Direct Costs by Contract/Subcontract with Applied Indirects at Claimed Rates
 - ▶ Schedule H-1 – Government Participation in Indirect Pools
 - ▶ Schedule I – Schedule of Cumulative Direct and Indirect Costs Claimed and Billed
 - ▶ Schedule J – Subcontract Information
 - ▶ Schedule K – Summary of Hours and Amounts on T&M contracts
 - ▶ Schedule L – Reconciliation of Payroll to Labor
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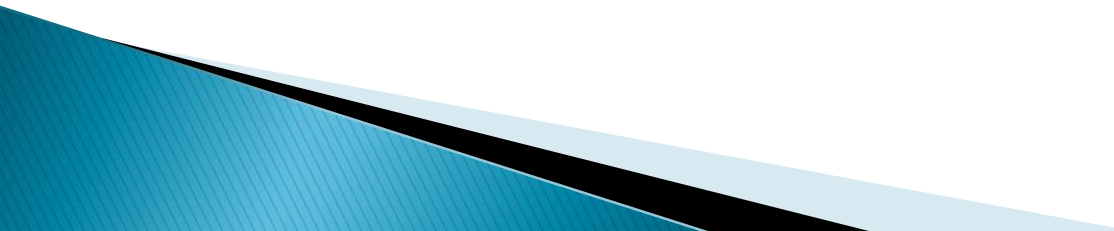
Schedules (Cont'd)

- ▶ Schedule M – Listing of Decisions, Agreements, Approvals, and Description of Accounting/Org Changes
 - ▶ Schedule N – Certificate of Final Indirect Costs
 - ▶ Schedule O – Contract Closing Information
 - ▶ Schedule P – Computation of Allowable IR&D/B&P, if applicable
- 

Optional Schedules

- ▶ Schedule F-1 – Calculate NBV for use of COM
 - ▶ Schedule G-1 – Additional reconciliation of GL to Job Cost
 - ▶ Schedule P – IR&D/B&P
 - ▶ Schedules Q-1 to Q-4 – Comparison to prior period
 - ▶ Schedule R – Reconcile claim to tax return
 - ▶ Schedule S – Contract briefings
 - ▶ Schedule T – Executive compensation
- 

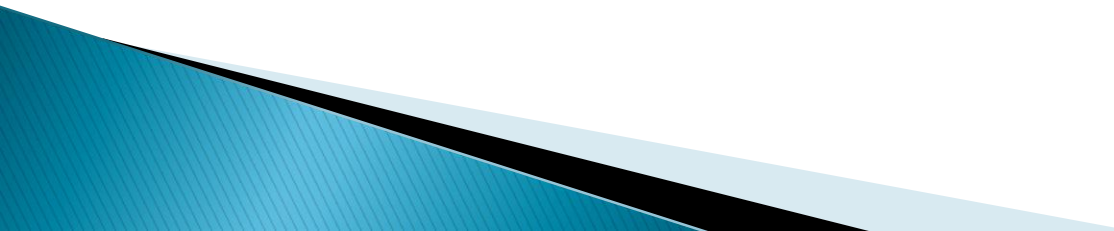
Modification of Schedules

- ▶ Addition of Fringe pool as either final or intermediate pool
 - ▶ Material Handling Pool
 - ▶ Up to 5 Final Overhead Pools
 - ▶ Up to 6 Intermediate Pools
- 

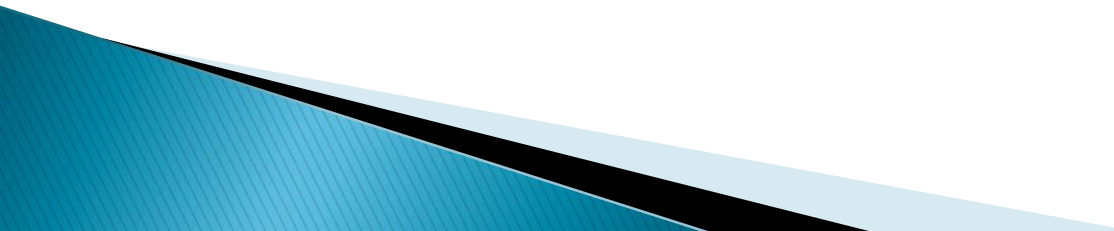
Schedule H

- ▶ Many of the other schedules pull from Schedule H
- ▶ Separate contracts by Cost Plus, T&M, FP, Commercial, B&P , and IR&D
- ▶ Should be able to reconcile to trial balance
 - Reconcile type of expense
 - Reconcile total allowable costs to trial balance
 - Verify that all indirect costs are fully allocated

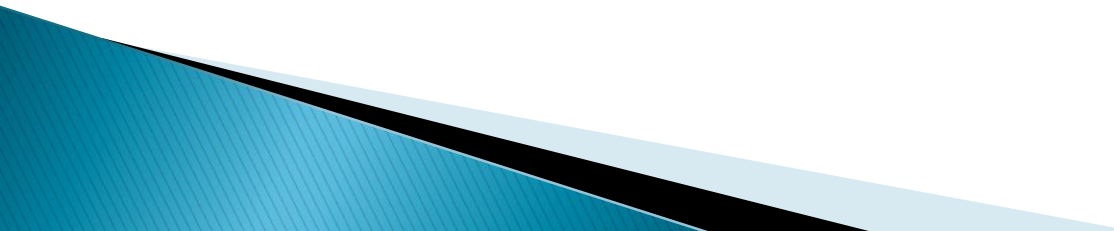
Schedule J

- ▶ Recap of Subcontract data
 - ▶ Required for contract types
 - ▶ Schedule should reconcile to total Subcontractor costs on trial balance and Schedule H
 - ▶ This schedule helps DCAA determine what lower level subcontractors should be audited
- 

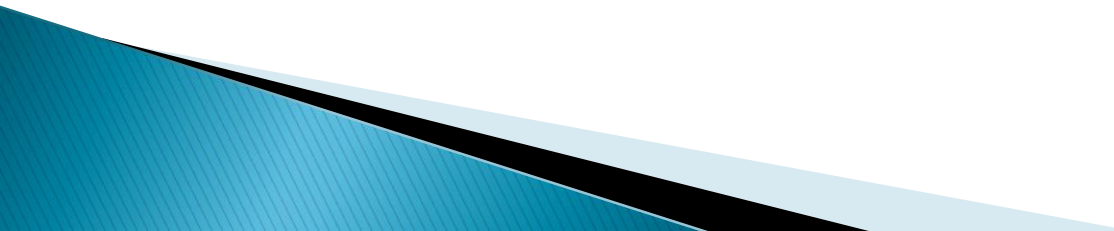
Schedule K

- ▶ Recaps T&M Billing
 - ▶ Distinguish Employee Labor from Subcontractor Labor
 - ▶ Apply Material Handling/G&A to appropriate non-labor costs
 - ▶ Reconcile to Amount Billed in Fiscal Year
 - ▶ Schedule determines if correct hours, billing rates, and G&A were used
- 

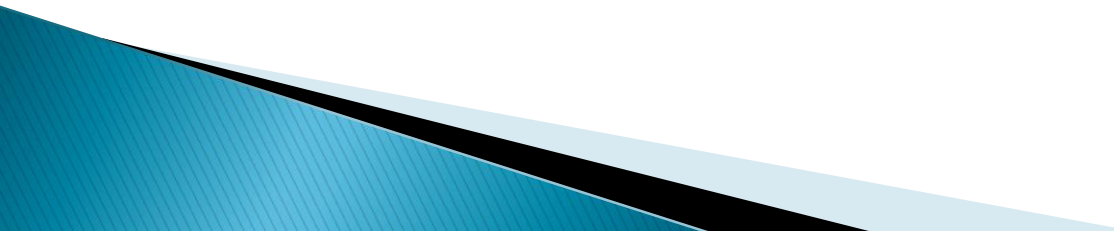
Schedule L

- ▶ Reconcile labor to payroll (941's)
 - ▶ Accrued Wages/Vacation can cause variance
 - ▶ Pre-tax deductions must be considered
 - ▶ Third party sick pay can cause variance
- 

Schedule N

- ▶ Certification Page
 - ▶ DCAA cannot audit without certification page being signed by company representative
 - ▶ Make sure date is changed in the text of this schedule
- 

Contract Briefs

- ▶ DCAA makes effort to obtain contract briefs
 - ▶ Prefers client to submit submissions with briefs
 - ▶ List contract information such as agency, periods of performance, contract/funded values, modification information, billing information, etc.
 - ▶ Use consistent format
- 

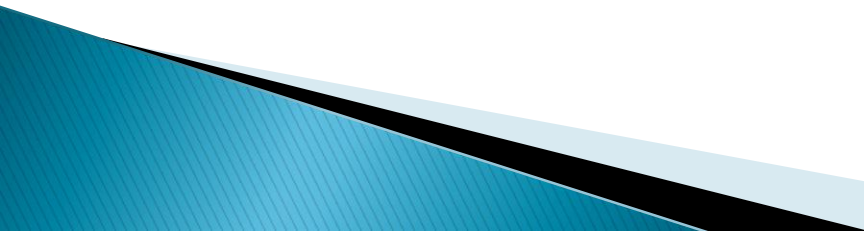
Submitting to DCAA

- ▶ Due within 6 months after the end of fiscal year
- ▶ Can email
 - Make sure Schedule N has electronic signature or send scanned version of that schedule
- ▶ Regular Mail
 - Send hard copy with signature
 - Send CD with electronic file

Submitting to DCAA

- ▶ What Goes With It?
 - Financial statements for fiscal year
 - Tax returns for fiscal year
 - 941's for each quarter of the fiscal year
 - Trial balance

Conclusion

- ▶ Prepare the submission with complete and accurate data
 - ▶ Reconcile the schedules to each other and to the general ledger
 - ▶ Verify hyperlinks are active/working
 - ▶ Make notes to remember details when audited
 - ▶ Be able to find data when audited
 - ▶ Set a goal of future Desk Reviews
- 

Questions

▶ ??

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