

# Government Contracts INSIGHTS

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## Defense Authorization Bill Amendment Places Contractor Employee Salary Cap at \$400,000

By Darryl L. Walker, CPA, CFE, CGFM Technical Director at Beason & Nalley, Inc.

The House and White House debate, which has been stewing for over a year, continues with another legislative step toward limiting government contractor annual salaries for which the government will pay under federal contracts.

The U.S. Senate passed on December 1 a National Defense Authorization Act which includes an amendment that would place an annual \$400,000 ceiling on compensation for all contractor employees which would be reimbursed under any federal contract in which costs are a factor in the pre-award bidding or payment terms and conditions. The “Boxer amendment” represents a sharp revision to the House version of the bill (ultimately the conference report) which would expand the applicability of the current \$693,951 ceiling to all government contractor employees but with no downward adjustment to that ceiling. The application of the current compensation ceiling to government contractors is found in FAR 31.205-6(p) and only affects the top five most highly paid company employees holding a management position.

In our August, September and October newsletters, we’ve followed the contentious debate among House representatives, the White House, and the government contractor community where the government has framed current contractor salaries as unfair to the taxpayer, out of control, obscene, and exorbitant. The White House and certain Senators originally pushed for an annual employee compensation ceiling of \$200,000, which supposedly represents the general salary levels paid to Cabinet heads. However, after further consideration (probably learning that some managers of pizza parlors make more money than \$200K annually), Senator Boxer (for which the latest Defense authorization bill amendment is named) and her colleagues elevated their proposed cap to a level more closely equating the salary paid to the President.

Business leaders, some legislators, and contractor representatives point out that lowering the salary caps will impair the ability of companies to attract or retain professional talent necessary to achieve “critical mission solutions”.

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Moreover, critics familiar with the precepts of the Federal Acquisition Regulations (FAR) contend that more regulatory restrictions to contractor salaries, under the guise that government contractors are hosing the tax payer, oversteps a critical FAR principle meant to establish even-handed procurement relationships with contractors: that is, contractors are encouraged to operate and manage their expenditures as they would in the commercial market place, using market benchmarks in establishing the reasonableness of allowable costs.

The House and Senate now have to work out the differences between the two amendments, and the outcome, however applied, will be implemented within FAR Part 31 Cost Principles, most likely affecting new contracts awarded after the effective date of the change. One decision that has already been made, however, that will likely not change in a final Congressional bill is that whatever compensation ceiling is determined will be applicable to all government contractor employees, and not just senior executives or managers.

Two side-notes regarding the compensation cap, it now appears that the current administration will not issue a 2011 cap which purportedly could raise the cap from the 2010 cap of \$693,951 to approximately \$750,000 (although it would be interesting to see what inflammatory adjectives Senator Boxer would apply to a \$750,000 cap). Additionally, although the revised and/or expanded compensation ceiling is being debated within the 2012 Defense Authorization Act, there are statements suggesting that it is intended to apply to all federal government contracts and not just to DOD contracts. The amount and its applicability will only be determinable once we have the final 2012 Defense Appropriations Act. (Editor's note, prior to our issuing this newsletter, the President signed the 2012 Defense Bill which does not include a \$400,000 cap, but does extend the cap to all employees except certain scientists and engineers).

## GAO Report: DCAA Improvement Required for Accessing Contractor Internal Audits

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*By Darryl L. Walker, CPA, CFE, CGFM Technical Director at Beason & Nalley, Inc.*

The General Accountability Office (GAO) says that the Defense Contract Audit Agency (DCAA) is not doing enough to

gain access to and utilize government defense contractors' internal audit reports and supporting workpapers in performing its own audits. The GAO evaluated selected internal audit reports and supporting data provided by several government contractors largely to determine if those audits were reliable, e.g., met the Institute of Internal Auditors professional auditing standards and were therefore useful to DCAA auditors in conducting its related audits. GAO also reviewed DCAA's policy and practices in requesting contractor internal audit data and how that data was utilized by DCAA.

The GAO found that contractor internal audit reports and working papers reviewed were generally compliant with the professional organization standards (thus, reliable for use by DCAA auditors in establishing its audit plan and scope). However, internal audit data are not being used because DCAA's access to internal audit data is restricted by government contractors, and even when some or all internal data are available, DCAA's does not fully utilize the data to accomplish its duties.

The GAO's audit was conducted in response to members of the Senate Committee on Armed Services, with the goal of assessing the role of contractor internal control departments and their ability to provide DCAA with information on "company internal controls, business systems, and policies affecting government contracts". In analyzing the interaction between government contractors and DCAA in internal control data access and the reliability of contractor internal audits, the GAO selected seven major defense contractors for the evaluation, requested a list of all internal controls audits performed during calendar years 2008 and 2009, determined which of those audits impacted government contracts, and evaluated selected reports and other information.

The GAO found that the seven companies selected for review conducted 1,125 internal audits during the selected time frame, and 520 of those were relevant to defense contracts. GAO requested the internal audit reports for all of these audits and workpapers for a selected sample of those audits, but ironically was denied access to the audit reports by one contractor and supporting workpapers by two contractors. In defending itself against criticism that the absence of information selected for review (based on a "nongeneralizable random sample") but denied by two contractors would have limited the GAO's scope and thus tainted the reported outcome, GAO states, "We do not regard the company decisions as a limitation of our scope since we were fully able to address our audit objectives based on examination of the

vast majority of documents we requested". By implication, the GAO objectives and the outcome were predetermined; specifically, DOD/DCAA should obtain and rely on the internal audits of defense contractors.

GAO states that DCAA has frequently opined that denied access to internal audit data impairs its ability to adequately determine if the company's internal controls are operating effectively and deficiencies are adequately corrected. The GAO states, "DCAA has cited the lack of access as preventing it from obtaining an understanding of the company's internal controls and reported this as a deficiency in the audit of the company's overall accounting system". The main reason internal audit data is denied (and DCAA does not request) is due to a U.S. v. Newport News court decision that stipulated contractors are not required to submit such data unless it is strictly tied to a specific DCAA audit (specific contract or bid proposal). Other reasons given that affect or minimize the numbers of internal audit requests include:

- Difficulty in determining which internal audit reports are relevant to DCAA audits due to vague and limited descriptions or brevity of data provided by contractors;
- Demand by contractors that auditor justify request for internal audit data to the DCAA audit of a specific proposal or contract;
- Belief that access to internal audit data is not critical, or has limited use, toward accomplishing their reviews;
- Restrictions by auditing standards on the reliance on work by others—GAO says not so, and;
- Reduction in DCAA audits that would implicate the need for contractor internal audit information

The GAO report acknowledges that internal audits do not replace the DCAA audits, but obviously that data should assist auditors in gaining an understanding of internal controls, performing risk assessments, planning the audits, and enhancing efficiency in completing DCAA audits. The report also states that greater access to internal audits does not reduce the work performed by DCAA, but slightly contradicts that notion in another report section: "DCAA auditors could either conduct a full audit of all components of internal control, or in instances in which internal auditors have conducted related work, DCAA auditors could examine the audit reports and workpapers".

Experience with our clients who do allow full access to internal audit data to DCAA is that the auditors do not reduce the audit scope even when internal audit reports, supported by substantial internal audit data tested, have shown no company internal controls deficiencies. In the pursuit of unequivocal compliance with GAGAS, DCAA nonetheless pursues extensive transaction testing and exhaustive requests for data, disregarding relevant contractor internal audit data and reported outcome, or dismissing the contractor internal audit report as inadequate because the internal audit approach does not mirror the DCAA audit program. In particular, most internal audits consider materiality in defining internal control deficiencies whereas DCAA has migrated to reporting all deficiencies without any consideration of materiality (defining materiality requires auditor judgment, auditor judgment has and will result in inconsistencies across similar audits and such inconsistencies have contributed to adverse GAO reports on DCAA audits).

Recommendations from GAO resulting from their evaluation:

- Ensure that DCAA's Contract Audit Coordinator (CAC) or a point of contact is adequately performing the coordination of internal audit requests. This process should be tracking and documenting all internal audit requests
- Periodically evaluate data requests and outcome of those requests to determine if further action with the contractor is required
- Provide DCAA staff guidance and training as to circumstances in which internal audit data may be requested, and how to use that data

GAO stopped short of stringently recommending that DCAA pursue the use of its subpoena power, especially since the case law barrier that could likely yield such an effort impotent. Nor does the report recommend legislative or court action to pursue overturning the Newport News decisions. GAO does include in Appendix IV of the report a list of authoritative bases regarding entitlement of the auditors to contractor internal audit data and other records. And GAO makes it clear (states the obvious) that greater access to internal audit information (now restricted by case law) "could improve DCAA's efficiency."

Unfortunately the GAO never accurately or fully addressed the reason why contractors are reluctant to provide DCAA with unfettered access to internal audits; specifically that DCAA's

primary purpose in obtaining contractor internal audits is DCAA's search for "audit leads". Such leads would have a negative impact on contractors by helping DCAA focus or pinpoint DCAA audit tests based upon contractor self-discovery as opposed to the potential positive impact which could result from DCAA reliance on the contractor self-disclosure and corrective actions. Secondly, DCAA seems to be in the business of second-guessing the organizational alignment/independence of the internal audit function, the sufficiency of contractor internal audits, and the timeliness and sufficiency of corrective actions; hence, absolutely no logical reason why contractors would volunteer internal audits to DCAA.

## Obtaining and Utilizing DCAA's Adequacy Checklists

By Michael E. Steen, CPA Technical Director at Beason & Nalley, Inc.

As a public service (sort of), DCAA has graciously made available ([www.DCAA.mil](http://www.DCAA.mil)) certain "adequacy" checklists including:

- Criteria for Adequate Contract Pricing Proposal, version 3.3, dated June 2011
- Incurred Cost Adequacy, version 2.1, dated November 2011
- Eastern Region Incurred Cost Supplemental Checklist, version 1.0, dated February 2008

These checklists are located under the Publications section of the left-side index and are in some cases highlighted in a separately issued Open Audit Guidance memorandum (as was the case for the latest incurred cost adequacy checklist which was also attached to audit guidance memorandum 11-PPD-020(R), dated November 4, 2011). Although DCAA's checklists are intended for their auditors to use before the auditor can commence the audit, these checklists also serve notice on contractors in terms of auditor expectations. DCAA has never utilized a checklist which limited itself to requirements expressly stated in the relevant regulations, but by and large the checklists, in and of themselves, do map reasonably well to the regulations. Unfortunately, even in mapping to the regulations, there is a significant amount of subjectivity which can ultimately lead to subjective or judgmental assessments.

*Criteria for Adequate Contract Pricing Proposal* This document confirms that most of the criteria are specifically required by the FAR (referenced as such); however, the DCAA criterion not referenced to the FAR are "items that will still, in most cases, be needed for negotiations and Government review" (not only does DCAA expand the adequacy requirements, but DCAA also takes liberties in deciding for the contracting officer in deciding what will be required for negotiations over and above FAR requirements).

As one would expect, the contract pricing criteria is in large part an extract from FAR 15.408, Table II, *Instructions for Submitting Cost/Price Proposals When Cost or Pricing Data Are Required*. In terms of the DCAA criteria not based upon FAR, we've noted a few which should not be overlooked in preparing a bid proposal and preparing for a DCAA audit:

**General, 10.** "If an incentive contract type, is contract geometry included (e.g. target cost, target profit, share ratio)?" In many cases, these parameters are stated in the RFP, but it is the first time we've ever seen very simple mathematical (perhaps algebraic) formulas represented as "contract geometry".

**General, 14.** "Does the proposal contain the location and point of contact for any cost or pricing data which is identified, but not included in the proposal?" Although this seemingly focuses on a point of contact, this also implies the need for disclosing relevant cost or pricing data which was not necessarily used as a basis for the cost estimate. At least by implication, this question serves notice for a contractor to disclose such data to avoid potential issues of noncompliance with FAR 15.407-1 incorporating TINA (Truth-in-Negotiations-Act) notwithstanding that this process involves a significant amount of judgment in terms of what is relevant cost or pricing data.

**Materials and Services, 21.c.** "Does the proposal identify those actions where assist audits have been requested and identify the request date and the scheduled receipt date?" Obviously the prime contractor can identify the date(s) it requested government assist audits, but it is perplexing that the prime contractor is also expected to identify the scheduled receipt date because such dates simply do not exist due to DCAA's unwillingness to commit to an assist audit completion date. Contractors should also be aware of DCAA's reminder that even with a government assist audit, the prime contractor is still required to perform and provide at least price analysis.

**Indirect Costs, 27.** “Support for indirect rates could consist of cost breakdowns, trends and budgetary data”. This seemingly innocuous statement belies continuing issues between DCAA and contractors in terms of the sufficiency of budgetary data. Although the FAR intends to defer to the contractor (hence, little or no specificity), DCAA has continuously changed and expanded their expectations resulting in one of the most frequent “adequacy failures” in the views of DCAA. As with too many DCAA criteria, it is the lack of regulatory specificity which has in some cases been used as a DCAA “wildcard” to reject contractor proposals and needlessly contribute to lengthy delays in contract awards.

**Adequacy/Inadequacy Determination, 34.** “If the proposal is so deficient that an examination cannot be performed, contact the contracting officer recommending that the proposal be returned to the contractor”. DCAA appears to be deferring to the contracting officer and in fact, a contracting officer can request DCAA audit in spite of the deficiencies. However, if DCAA proceeds with the audit, rest assured that DCAA will issue an adverse opinion stating that the proposal is not adequate for negotiating a fair and reasonable price and also recognize that DCAA has an audit policy which requires the auditor to audit the proposal as originally submitted (ultimately causing mass confusion assuming the contractor has submitted a revised proposal which should now be the baseline for the evaluation).

**Consolidated Bill of Material (CBOM), 19.** We simply must make note of the fact that what has long been referred to as simply a “BOM” has now become a “CBOM”; perhaps to avoid any further embarrassment such as that associated with a DCAA senior auditor questioning why (during a proposal walkthrough) the contractor kept referring to a “BOM” when the contractor did not make any “BOMBS”.

### ***Adequacy of Contractor Incurred Cost Proposal***

This checklist has been updated to reflect the May 31, 2011 changes to FAR 52.216-7, Allowable Cost and Payment Clause, and to DCAA’s credit, they do a reasonably accurate job of referencing the required information notwithstanding the fact that DCAA continues to refer to the data/information requirements as “schedules”. The references are simply subparagraphs within 52.216-7 and the regulation was very clear in stating that the data/information is not required in any particular format and with that clarification, DCAA can no longer require a contractor to use DCAA’s ICE model or an equivalent spreadsheet. In fact, DCAA acknowledges this

within its instructions that “If the contractor generates internal reports identifying the required information in lieu of the example schedules, the reviewer (auditor) should reference the contractor report on the adequacy form”. There is no question that DCAA and its auditors still prefer and will perhaps “encourage” contractors to submit the “example schedules” as opposed to the alternate contractor internal reports, but it is now quite obvious that there is no required format.

Unlike DCAA’s acknowledgement that there are no required schedules, DCAA dances around the FAR requirement that the contracting officer, not the contract auditor, ultimately determines the adequacy or inadequacy of a contractor’s incurred cost proposal. DCAA incorrectly states, that once it is determined (by DCAA) that the submission is inadequate, the auditor must notify the contracting officer. In fact, DCAA should notify the contracting officer of the alleged inadequacies and defer to the contracting officer to make the adequacy determination (perhaps DCAA is assuming that the contracting officer will simply agree with the DCAA auditor; hence, the assigned responsibility/actual determination by the contracting officer is merely a formality).

We encourage all contractors to obtain and read DCAA’s incurred cost adequacy checklist in its entirety, but do want to highlight two particular items:

B. Proposal Adequacy, applicable to All (very first item); DCAA makes reference to prime contracts and subcontracts, in particular, “if all claimed costs are subcontracts, contact the cognizant DCAA office(s) of the upper-tier contractor (sic) to determine if assist audit is needed”.

DCAA’s presumption that DCAA assist audits apply to subcontracts is wholly inconsistent with FAR 52.216-7(d)(v)(5) which states that “the prime contractor is responsible for settling subcontractor amounts and rates included in the (prime contractor) completion voucher and providing status of subcontract audits to contracting officer upon request”. This change was never identified within any proposed rule and only came about as a response to a public comment that the contract closeout process and regulations should address the timeliness of government assist audits of subcontracts. Apparently DCAA still does not believe the FAR in terms of its explicit requirement for the prime contractor to settle subcontract costs/rates (the FAR requirement for the prime contractor to provide the status of subcontract audits is in reference to the prime contractor audit of a subcontract

notwithstanding the fact that nothing in FAR implicitly or explicitly requires a prime contractor to audit its subcontracts).

H, Schedule of Direct Costs by Contract, “verify cost detail is in the same level as used for billing costs (e.g. by delivery order)” has become a point of contention as applied to T&M (Time and Material) contracts because auditors are insisting upon visibility into all costs at the same level as billing including actual labor costs which have no relevance to “billing costs”. T&M labor hours are billed by contract labor category at the fixed contracted labor (“T”) rate regardless of the actual labor costs. The only significance of the actual labor costs are within the overall roll-up into the applicable overhead or G&A allocation base for calculation of final indirect rates; nonetheless DCAA field auditors are insisting upon actual cost by T&M task order and in some cases, by labor category within the task order. Auditors are insisting upon this level of detail not to determine the sufficiency of an incurred cost proposal, but for visibility into significant cost under-runs on T&M contracts which could point to defective pricing and/or substituting lower paid, unqualified employees or subcontractors for any given “T” category.

N, Certificate of Final Indirect Costs, “verify the certificate is signed by an individual no lower than a vice-president or CFO of the business segment (FAR 52.242-4)”. This has been a specific FAR requirement; hence, no basis for a contractor to submit a signed certificate by a Controller (unless they happen to be a VP) who may actually be in the best position to know and understand the incurred cost submission. And of course, the FAR only requires a vice-president who could be any vice-president including those with virtually no knowledge of accounting and finance. All too-typical of overly prescriptive government contract requirements which could lead to illogical, yet compliant certifications.

Regardless of some of the inexplicable quirks and deviations from regulations, the DCAA adequacy checklists are a good point of reference and should be used by contractors before submitting bid proposals or incurred cost proposals to the government if there is a reasonable assumption that DCAA will be the contract auditor. If DCAA will not be the contract auditor, one can consider using the checklist excluding the DCAA “self-created” criteria which is not mapped to any regulation.

## DCAA’s Hotline Referral Which Backfired

*By Michael E. Steen, CPA Technical Director at Beason & Nalley, Inc.*

In March 2009, DCAA reversed its long standing policy related to auditors referring contracting officers to an OIG (Office of Inspector General) for decisions which may not have supported DCAA audit recommendations. Hence, auditors were now allowed if not tacitly encouraged to “throw the contracting officer under the bus” for decisions unresponsive of DCAA. Although DCAA and DCMA have publicly declared their intentions are to work together, DCAA’s March 2009 policy shift was anything but a declaration of brotherhood towards a common goal.

As one might expect there have been DOD-IG reviews and reports which were obviously caused by a DCAA referral wherein the IG report skewered the contracting officer. In fact, virtually all such IG reports resulted in criticisms of the contracting officer while seemingly ignoring “contributory negligence” by DCAA. However, the typical sequence of events appears to have changed within a DOD-IG report issued September 2, 2011 (D-2011-6-010) wherein a hotline complaint alleged abuse of authority by the contracting officer, legal officer and a program manager (which was not substantiated); however, during the investigation the IG identified significant concerns regarding lack of DCAA audit support that was requested by the contracting officer (it should be noted that we cannot determine if the hotline referral came from a DCAA auditor; however, the fact that the targeted officials were DCMA implies a DCAA auditor). As a result of DCAA’s lack of audit support, contractor vouchers were not audited, suspected contractor irregularities went unreported, and the contractor invoiced and was paid on 12 interim public vouchers notwithstanding the fact that known facts disclosed significant overbillings and overpayments.

The DCAA failings are associated with a contracting officer request for DCAA to audit the contractor vouchers because the contracting officer had reason to believe that the contractor had billed costs incurred during a stop work order (specifically prohibited). DCAA had previously approved 12 interim vouchers (submitted in WAWF); although DCAA had yet to audit any contractor cost accounting records and with respect to the contracting officer’s request for audit, ten months after receiving the request, DCAA unilaterally canceled the audit stating that it could not perform that audit because the

contractor failed to provide financial statements, tax returns, and certain bank statements. Of note, these “requirements” are presumably listed on a DCAA adequacy checklist albeit of little or no direct or even indirect relevance in auditing public vouchers. Hence, DCAA used its own interpretation of “adequacy” to summarily deflect the audit request ignoring the fact that this was not a routine request, but a request based upon known risks which would have facilitated a focused, timely audit to address those narrowly defined risks.

Although DCAA summarily dismissed the audit request, they had identified contractor irregularities in the context of significant vendor and subcontract costs which had not been paid in accordance with subcontract terms and conditions but nonetheless these costs had been invoiced to the government. DCAA noted in both May 2009 and in an identical letter in September 2009 that it would refer the matter to an IG (Inspector General). DCAA failed to actually refer the matter to an IG and ultimately the contracting officer requested an Air Force Inspector General investigation which confirmed that the contractor had used government contract payments for personal purposes rather than paying vendors and subcontractors. Had DCAA been focused upon performing the audit as opposed to creating excuses for not performing the audit, these facts would have been uncovered long before the Air Force Investigation.

DCAA agreed with most of the DOD-IG findings and recommendations thereby astutely confining the effective impact of this review to the singular event as well as to a single DCAA officer, the infamous Santa Ana Branch Office, the source of hotline referrals and GAO investigations/reports which in 2008 and 2009 castigated DCAA (the fact that these events involve the DCAA Santa Ana Branch Office is one more reason why we believe the hotline may have come from a DCAA auditor). It is unfortunate that neither the DOD-IG nor the GAO in similar reviews directly or indirectly involving DCAA, have been capable of identifying a systemic flaw in DCAA audit policies; specifically, those policies which continuously raise the bar in terms of adequate contractor proposals, data or support. As DCAA has summarily rejected hundreds if not thousands of contractor proposals for subjective and/or inconsequential and self-created inadequacies, numerous contractor bid proposals, invoices or incurred cost proposals have been untouched by a contract audit. The incident involving the DCAA Santa Ana Branch's unilateral decision not to audit is but the tip of the iceberg in terms of a broad-based DCAA audit strategy to develop endless and inconsequential excuses for not auditing which is

ultimately leaving the government exposed and at immeasurable risk. And this is protecting the Taxpayer?

## Beginning the Process of Preparing FYE December 31, 2011 Incurred Cost Proposals

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*By Darryl L. Walker, CPA, CFE, CGFM, Technical Director at Beason & Nalley, Inc.*

If you are involved with protecting a government contractor from compliance risks, it's never too late to begin the annual celebration of preparing your incurred cost proposal. And the party may begin now, if the contractor you work for has during this calendar year incurred costs under flexibly-priced contracts or subcontracts where invoiced costs for those contracts and subcontracts were based in total or in part on recorded costs. Such provisions probably mean the submission of an incurred cost proposal (ICP) to include your company's final claimed indirect rates as well as a schedule of direct costs for each flexibly priced contract or task order.

As your fiscal year end is fast approaching, there are a few issues and tasks we suggest getting underway as quickly as possible without further ado, even though the fiscal year is not yet over, not all accounting transactions are posted, and year-end adjustments unknown. A few suggestions to consider now:

- Is the identification and organization of incurred unallowable costs for the year in good order or is added effort required to retrace some of the costs you may have coded as allowable but needing further review? Consider having a staff person begin revisiting sensitive expense accounts for unallowable costs, and certainly any cost transactions that were held for further review, but for which no disposition has yet been made
- Begin preparing certain ICP supplemental (optional) schedules now rather than later; these are the Subcontract Information, Contract Briefs, Description of Accounting System, and other data to be prepared, where you'd rather be forced to watch old reruns of “The Brady Bunch” than have to mull over preparing such boring data. However, these schedules will likely be required by DCAA as part of an “adequate” ICP (even though the FAR Part 42.7 and 52.216-7 rules changed this past year clarifying which schedules were NOT required for a

proposal to be deemed by DCAA as “adequate” upon initial submission to the ACO)

- Immediately after the end of FYE Dec. 31, 2011, pull a report identifying direct costs by element for each contract or subcontract (reimbursable types) and give these project ledgers a sanity check, specifically for accuracy of cumulative direct costs; reason you need to do this is that in some cases, erroneous charges to direct costs may become evident. At this time, you should also pull a preliminary calculation of final indirect rates—again, a sanity check which may reveal unrealistic indirect rates that could be indicative of errors or at the very least requiring further analysis
- Update your general ledger via posting all expense transactions—some smaller companies are sometimes not current in posting such transactions, becoming as many as two or three months behind on transaction posting; however, now is the time, not next month, to get this done

This is not the end, only the beginning, but a good start at tackling the daunting task of ICP preparation. Taking on these chores now will alleviate suffering and seemingly endless torture at the hands of the government auditors should your initial proposal be rejected as “inadequate”. An “inadequate” ICP can give your company the appearance of flawed billing and accounting practices, or worse, precipitate a meeting with government officials who have no name, wear dark glasses and speak in secret codes such as FAR, DFARS, and CAS.

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