

NDIA

National Small Business Conference

September 10, 2014

DCAA & DCMA – Good, Bad & Ugly

How to play the game

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Taking Today's Technologies into

Tomorrow's Markets

The Great Game of Government Contracting

- **Game Theory:**
 - Learn **all** the rules; then use the rules to your best advantage to accomplish your goals (win)
- **THE RULES:**
 - **Written Rules** are there “somewhere” (FAR, DFARS, CAM, CFRs, GAAP and more)
 - Constant updating
 - Subject to interpretation
 - **Unwritten Rules** are **usually the most valuable** in playing the game.
 - Very difficult to “read”
 - Most are learned from experience and networking
- **If played properly everyone wins**

“THE UGLY”

BCT’s Accounting System is not in accordance with Generally Accepted Accounting Principles (GAAP).

FAR Part 53.301-1408 (SF 1408, Section II, Item 1) requires accounting systems to be in accordance with Generally Accepted Accounting Principles applicable in the circumstances. The Financial Accounting Standards Board’s Statement of Financial Accounting Concepts (SFAC) No. 8 is part of the Conceptual Framework for Financial Reporting and establishes the Objective of General Purpose Financial Reporting and the Qualitative Characteristics of Useful Financial Information. *(DCAA Audit report)*

“THE BAD”

- The purpose of this final determination is to inform you that significant deficiencies, as defined in DFARS 252.242-7006 Accounting System Administration, remain and your accounting system is disapproved. (ACO from DCMA)
- . . . proposed indirect cost rates are not acceptable as proposed. Significant issues include the following: \$141,618 in consulting costs claimed in the Overhead and \$112,299 claimed in the G&A pools in accordance with FAR 31.205-33(f) . . . documentation provided was insufficient and lacked the necessary evidence . . . (ACO from DCMA)
- DCAA Form 1 -- “Notice of Contract Costs Suspended and/or Disapproved.” (DCAA)

“And Now --THE GOOD”

- “Based on the adequacy evaluation and an overall assessment of low risk, [contractor]’s FY 2012 incurred cost proposal will not be subject to audit.” (ACO at DCMA)
- December 19, 2013 DCAA issued MRD 13-PAC-026(R) “*Audit Alert on Professional and Consultant Service Costs (FAR 31.205-33) and Purchased Labor*”
- October 29, 2013 DCAA issues MRD 13-PPD-021(R) “*Audit Guidance on Revised Policies and Procedures for Low-Risk Incurred Cost Proposals Less Than \$250 Million in ADV*”

Thought on “Playing the Game”

- Create a cooperative professional environment.
- Government Contracting is not “sand lot football”.
- Play the game with honesty and integrity regardless of whether you think “they” are or not.
- The “unwritten rules” are different for DCAA and the small business – learn the rules for both sides.
- Learn/understand what the DCAA/DCMA needs to satisfy their requirements.
- Study and play for the win/win.
- “Know when to hold ‘em, know when to fold ‘em”.
(*thanks Kenny Rogers*)
- Above all HAVE FUN!!

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