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## DCAA News

Thursday, May 28, 2009, 3:24:11 PM

### What is DCAA Compliance?

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Wednesday, May 27, 2009, 2:09:53 PM | admin

To comply with the regulations regarding proper financial management, government contractors must satisfy the Defense Contract Audit Agency (DCAA), which is responsible for performing all audits for the DoD, and for providing accounting and financial advisory services to DoD components responsible for procurement and contract administration.

DCAA also provides contract audit services for many other government agencies as well. The Federal Acquisition Regulations (FAR), are a series of regulations issued by the Federal government that concern the requirements of contractors for selling to the government, the terms under which the government obtains ownership, title and control of the goods or services purchased, and rules on specifications, payments and conduct and actions regarding solicitation of bids and payment of invoices. Many of the DCAA documents found at [www.dcaa.mil](http://www.dcaa.mil) refer to FAR.

 [Comments](#)

### What is a DCAA Audit?

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Wednesday, May 27, 2009, 2:09:15 PM | admin

Generally Accepted Government Auditing Standards can be found in the DCAA Contract Audit Manual. It is an instruction book for auditors who work on behalf the government.

It discusses standards for auditing, how to plan for an audit, cost accounting standards, auditing of estimates and proposals, statistical sampling techniques for audits, who can obtain audit reports, how they're distributed and what they should look like.

Read more about the [DCAA Contract Audit Manual](#)

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## What are the Top DCAA Software Firms?

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Wednesday, May 27, 2009, 2:08:36 PM | admin

DCAA compliance is integrated into accounting system software to ensure that the estimating, tracking, costing, and billing of projects easy and manageable—simplifying cost control and planning. This type of software includes Quickbooks. So who's got the best DCAA software? It's touch to say but ...

Here are a few key DCAA Features to look for in your software to avoid an audit:

- Allocations are posted to Contracts and are available in standard reports.
- Allocations can be processed at any time and as often as desired.
- Project Allocation to General Ledger reconciliation reporting.
- Use standard PJC Timecards to enter direct / indirect labor hours / costs.
- One time setup and simple one button click to process allocations.
- Automatically create customer invoices from project information using form 1034 and 1035.

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## Why Would I Buy Microsoft Dynamics Instead of Another Accounting Software?

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Wednesday, May 27, 2009, 2:07:42 PM | admin

Microsoft Dynamics solution that was created specifically for companies that provide services and sell products to the Federal Government to help these companies better manage and maximize their business. It provides financial management and project accounting in one easy-to-use format.

 [Comments](#)

## How do I get DCAA approved?

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Wednesday, May 27, 2009, 2:06:22 PM | admin

The DCAA and the different branches of the military hold free seminars on their procurement processes. However, there are many websites where you can find documents, guideline manuals, and many answers to your questions towards approval. The best place to start would be the guideline manual available at the DCAA website: <http://www.dcaa.mil> .

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## What is the DCAA Audit Checklist? Where Can I Find One?

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Wednesday, May 27, 2009, 2:05:26 PM | admin

A Basic DCAA Checklist for the Pre-Award Audits:

- Setting up a Chart of Accounts to segregate Direct, Indirect and Unallowable Costs
- Job Cost Accounting
- Indirect Cost Pools and Allocation Bases
- Indirect Rate Computations
- Timekeeping System and Labor Distribution Requirements

- Unallowable Costs

A Basic checklist for Post-Award and Internal Control Audits:

- previously identified differences;
- significant changes in management or staff;
- FAO familiarity with the audit type;
- recent guidance or audit program changes;
- assignments with a low number of hours expended and a high number of dollars questioned;
- assignments with high hours expended and low or no dollars questioned;
- new audit areas; and
- relationship to GAO high-risk areas or DoD management challenges.

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## Who is doing the Accounting for the DCAA?

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Wednesday, May 27, 2009, 2:03:45 PM | admin

Most accountants and auditors for the DCAA are college graduates, hundreds of them have advanced degrees, and over half of them (approx. 1,700) are Certified Public Accountants (CPAs). DCAA jobs are posted on [USA Jobs](#).

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## What is the DCAA?

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Wednesday, May 27, 2009, 1:57:44 PM | admin

DCAA (Defense Contract Audit Agency) was created by act of Congress in 1965 to perform all necessary contract audits for the Department of Defense (DOD). Their mission also includes providing accounting and financial advisory services to all DOD components in connection with the negotiation, administration and settlement of contracts and subcontracts.

Today DCAA employs more than 3,600 auditors and maintains more than 350 branches and sub-offices around the world. In recent years, DCAA has also provided its services to many other Government agencies on a cost-reimbursement basis.

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## DCAA Rates - What Are The DCAA's Hourly Billing Rates?

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Wednesday, May 27, 2009, 1:38:36 PM | admin

The following rates have been authorized for all work performed by DCAA under the Memorandum of Agreement.

FY09 DCAA Hourly Billing Rate: \$93.98

FY09 DCAA Reimbursable Adder Rate Factor: 22.0%

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## What Are DCAA Unallowable Costs?

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Wednesday, May 27, 2009, 1:36:11 PM | admin

Over the years the federal government has determined that certain costs cannot be allowed in prices, cost reimbursements or settlements under contracts with the US Government.

The government is unwilling to pay for these costs as direct charges to federal government contracts or through indirect expense pools applied to federal government contracts. A company is not prohibited from incurring unallowable costs, but they cannot be recovered either directly or indirectly under federal government contracts.

To manage unallowable costs, separate accounts must be established for these type expenses and they must not be priced directly into federal government contracts during the proposal process.

### Unallowable Costs Categories:

- A. Advertising Costs are allowable only if they are necessary to meet the requirements of the contract performance.
- B. Public Relations Costs are unallowable except for (1) costs specifically required by government contracts, (2) cost of communicating with the public and press pertaining to specific accomplishments which result from government contracts or (3) costs of conducting communication and liaison necessary to keep the public informed on matters of public concern such as notices of awards, financial matters, etc.
- C. Alcoholic Beverage Costs are unallowable.
- D. Bad Debt Costs are unallowable.
- E. Automobile Costs for Personal Use are unallowable.
- F. Defense and Prosecution of Criminal and Civil Proceedings, Claims Appeals and Patent Infringement are generally unallowable.
- G. Donations and Contributions are unallowable.
- H. Entertainment Costs are unallowable.
- I. Executive Lobbying Costs Incurred in Attempting to Improperly Influence either Directly or Indirectly an Employee or Officer of the Federal Government Regarding a Contract are unallowable.
- J. Fines and Penalties resulting from failure of the company to comply with federal, state, local or

foreign laws and regulations are unallowable.

K. Goods and Services Cost for Personal Use are unallowable.

L. Personal Housing and Living Expenses are unallowable. (Not to be confused with direct travel costs which are allowable)

M. Insurance Costs to Protect Against Defects in Materials or Workmanship are unallowable.

N. Interest and Investment Management Costs are unallowable except for cost related to the physical custody and control of monies and securities and for interest cost paid to external parties for assets (buildings and equipment) used to support government contracts.

O. Losses on Government or Other Contracts are unallowable.

P. Membership Costs in Civic, Community Organizations, Country Clubs or Social or Dining Clubs are unallowable.

Q. Pre-Contract Costs, unless approved by the Contracting Agency are unallowable.

R. Airfare Travel Costs in Excess of the Lowest Available Commercial Discount or Standard Coach Airfare are unallowable.

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