

It's Not Called "Post-Award Audit" Anymore

Written by Nick Sanders

Wednesday, 16 November 2016 00:00

For a long time we have demonstrated subject matter expertise by translating phrases with specific meanings in the government contract environment into phrases that could be more readily understood by businesspeople. One example of such translations is "post-award audit." That phrase had a specific meaning to DCAA auditors; it meant "defective pricing audit". Then we explained that "defective pricing" means a proposal that was negotiated in noncompliance with the requirements of the Truth-in-Negotiations Act. And then we would explain TINA, and so forth.

No longer.

They are not called "post-award audits" anymore.

Sometime between after April, 2016, DCAA changed the name of the 42000 [audit program](#) to "Truth in Negotiations Audits".

As the audit program states—

This standard audit program assists the auditor in planning and performing a Truth in Negotiations audit to determine if a negotiated contract price was increased by a significant amount because the contractor did not submit or disclose accurate, complete, and current cost or pricing data.

The irony here is that it's not called Truth-in-Negotiations [anymore](#). It hasn't been called that for more than two years. It's now called "Truthful Cost or Pricing Data".

Another irony is that the Truthful Cost or Pricing Data requirement distinguishes between "cost or pricing data" and "certified cost or pricing data". (It also distinguishes between those two categories and "data other than certified cost or pricing data".) The FAR [was revised](#) to make these changes six years ago.

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The audit program purpose statement does get one thing correct. It correctly states that a violation is not predicated on use, but rather nondisclosure. We noted this distinction [here](#).

That's not all, of course. The audit program also correctly lists the five requirements associated with a violation. They are:

1.

The information in question fits the definition of [certified] cost or pricing data.

2.

Accurate, complete, and current data existed and were reasonably available to the contractor before the agreement on price or other date agreed upon by the parties.

3.

Accurate, complete, and current data were not submitted or disclosed to the contracting officer or one of the designated representatives of the contracting officer and that these individuals did not have actual knowledge of such data or its significance to the proposal.

4.

The Government relied on defective certified cost or pricing data in negotiating with the contractor.

5.

The Government's reliance on defective certified cost or pricing data caused an increase in the contract price.

(We note that the points above largely make the correct distinction between "certified cost or pricing data" and "cost or pricing data".)

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In related news, we have reported (several times) that DCAA seems to have gotten out of the defective pricing audit business. As the agency has focused on catching up on its backlog of unaudited contractor proposals to establish final billing rates, it has let this risk area go.

No longer.

The GFY2017 program plans call for an increase in such audits. Interestingly, they may be performed by Headquarters teams that don't report to the local FAO. We'll have to see what the results of this renewed focus will be.