

UPDATE: CO Dispositions of DCAA Proposal Findings

Written by Nick Sanders
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Recently we [wrote](#) about a DoD OIG report that criticized DCMA contracting officers for failing to properly document dispositions of DCAA audit findings related to allegedly noncompliant contractor cost proposals. To be clear, the DOD OIG audit report found that each of the contracting officers associated with the 23 files reviewed by the OIG auditors “took appropriate actions to address the proposal inadequacies identified by DCAA.” The problem was that nine of the 23 files didn’t contain adequate documentation of those actions.

If you follow the link in the first sentence you’ll see that we criticized the OIG auditors. We noted that the audit report curiously failed to include any discussion of DFARS 215.408(4) and the solicitation provision 252.215-7009, which provide a mandatory proposal adequacy checklist that contractors are supposed to submit along with their proposals. We also noted that the audit report curiously omitted any discussion of the actual DCAA audit findings, so it would be impossible for a third party to determine the materiality of the lack of file documentation. We further noted that, in our view, the audit report provided a misleading statement of the actual FAR requirement (found at 15.406-3(7)), which requires that a CO document dispositions of DCAA auditor *recommendations*, but which is silent regarding what a CO is to do if DCAA simply reports that a contractor proposal is inadequate and does not provide any recommendations. Perhaps the DCAA audit reports *did* provide recommendations to the COs; but we cannot tell because the OIG audit report didn’t discuss the DCAA audit findings at all.

Another curious aspect of the DoD OIG audit report was to be found in the responses. Management comments were included from many sources, including the U.S. Army Contracting Command, the Naval Air Systems Command, the Naval Sea Systems Command, the Space and Naval Warfare Command, and the Department of the Air Force (Office of the Assistant Secretary for Acquisition). There was even a response from the Principal Director, Defense Contracting and Pricing. All responses were thoughtful; there were some (minor) disagreements with the OIG’s recommendation to conduct refresher training. That said, the response from the Principal Director, Defense Contracting and Pricing, was interesting in that it was a full concurrence with the recommendation to issue better guidance to contracting officers—and it promised to issue that guidance within 60 days.

In all of the foregoing, where was the Director, DCMA? Nowhere, as we noted in our original blog post. You would think that before anybody issued guidance to DCMA contracting officers, that guidance would be coordinated with DCMA leadership, would you not? Yet, apparently, that was not the case in this instance.

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Weird, right?

Anyway, the guidance from the office of Defense Contracting and Pricing was [issued](#), as promised. It requires contracting officers “to document all DCAA identified inadequacies in the negotiation memorandum or another part of the contract file.” In addition, “contracting officers also must document why the actions take appropriately address the contractor price proposal inadequacies.” So there you have it.

One more item of interest: Appendix B of the audit report (“Other Items of Interest”) noted some concerns with the Contract Pricing Reference Guides. For those who don’t know, these are very important sources of information used to provide direction and guidance to DoD contracting officers in evaluating and negotiating contractor proposals. (They are also really useful reference sources for contractors as well!) The OIG audit report noted that the auditors “found instances where the Guides are outdated.” In addition, the auditors “noted that the guides are difficult to locate on the Acquisition Community Connection website. While the guides are referenced on the Defense Pricing and Contracting homepage, the user is required to navigate through at least five pages to access the Contract Pricing Reference Guides.”

What’s interesting is that the Directorate of Defense Contracting and Pricing maintains those Guides—or at least, it is supposed to do so. Curiously, although the Directorate was quick to concur with the audit report’s Recommendation related to contracting officer file documentation, it ignored entirely the issue of maintenance of the Contract Pricing Reference Guides. Perhaps it ignored the issue because a response was not required. Or perhaps it ignored the issue because addressing it would have taken resources from the Directorate; whereas adding to the file documentation burden of contracting officers cost it nothing except for the paper used to issue the guidance.