

Preaward Survey of Prospective Contractor Accounting System Checklist

[FAR 16.301-3 states that a cost-reimbursement type contract may be used only when the contractor's accounting system is adequate for determining costs applicable to the contract. If no information is available in the files to make this determination, a Preaward Survey of Prospective Contractor's Accounting System (SF1408) can be requested from DCAA. Before requesting such an audit, it is a good idea to send this checklist to prospective contractor's for completion to ensure they understand the requirements of the SF1408, and to ensure they are ready for DCAA to come in and perform an audit].

Instructions:

1. Mark "X" in the appropriate column.
2. On Page 2, provide a narrative describing how the current accounting system supports your response to each item. Be as descriptive as necessary

Contractor Name:				
Point of Contact (Name/Ph #/Email):				
CAGE Code:				
READY FOR AUDIT (YES) / (NO):				
	Yes	No	N/A	Note
1. Is the accounting system in accord with generally accepted accounting principles?				<u>1</u>
2. ACCOUNTING SYSTEM PROVIDES FOR:				
a. Proper segregation of direct costs from indirect costs.				<u>2</u>
b. Identification and accumulation of direct costs by contract.				<u>3</u>
c. A logical and consistent method for the allocation of indirect costs to intermediate and final cost objectives. (A contract is final cost objective.)				<u>4</u>
d. Accumulation of costs under general ledger control.				<u>5</u>
e. A timekeeping system that identifies employees' labor by intermediate or final cost objectives.				<u>6</u>
f. A labor distribution system that charges direct and indirect labor to the appropriate cost objectives.				<u>7</u>
g. Interim (at least monthly) determination of costs charged to a contract through routine posting of books of account.				<u>8</u>
h. Exclusion from costs charged to government contracts of amounts which are not allowable in terms of FAR 31, Contract Cost Principles and Procedures, or other contract provisions.				<u>9</u>
i. Identification of costs by contract line item and by units (as if each unit or line item were a separate contract) if required by the proposed contract.				<u>10</u>
j. Segregation of preproduction costs from production costs.				<u>11</u>

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3. Accounting system provides financial information:				
a. Required by contract clauses concerning limitation of cost (FAR 52.232-20 and 21) or limitation on payments (FAR 52.216-16).				12
b. Required to support requests for progress payments.				13
4. Is the accounting system designed, and are the records maintained in such a manner that adequate, reliable data are developed for use in pricing follow-on acquisitions?				14
5. Is the accounting system currently in full operation? (If not, describe in Page 2 narrative which portions are (1) in operation, (2) set up, but not yet in operation, (3) anticipated, or (4) nonexistent.)				15

Instruction: Use this section to explain how the current accounting system supports your response to each item. If a response is N/A provide further explanation. Use as much space as needed. Provide references to current policies and procedures if applicable.

Note	Narrative
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>PLEASE ANSWER ALL QUESTIONS BELOW:

- >
- >ARE YOU PLANNING ON BIDDING ON COST TYPE CONTRACTS? (YES/NO) _____
- >
- >ARE YOU READY FOR A DCAA AUDIT? (YES/NO) _____
- >
- >HAVE YOU READ THE REQUIREMENTS IN THE SF1408? (YES/NO) _____
- >
- >HAVE YOU READ THE "Information for Contractors" DOCUMENT ON DCAA's
- >WEBSITE (<http://www.dcaa.mil/>)? (YES/NO) _____

>PLEASE IDENTIFY THE DCAA OFFICE THAT IS COGNIZANT OVER YOUR COMPANY ->(Found on DCAA's website (<http://www.dcaa.mil/>) _____

>

>PLEASE IDENTIFY YOUR COMPANY'S POINT OF CONTACT (*Name/ph #/ eMail*)

> _____

If an Outside CPA/Consultant/Non DoD agency has reviewed your Accounting System, please provide a copy of the Report

>>[*Insert name and title of individual responsible for design of the accounting system*]

Name: _____ Signature: _____

Title: _____ Date: _____

Contractor: _____