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U.S. Army Contracting Command

Rock Island Contracting Center

ICAP Action Items

13 October 2011

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Executive Director

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Issue: DCAA – Basis of Estimate (BOE) Best Practices
Action: Provide “Best Practice” examples.

DIRECT MATERIALS

Bill of Material Example :

Description	Part no.	Unit Price	Qty	Total	Vendor	Reference
Plug	001	\$1.50	1,000	\$1,500	ABC	Low quote
Insert	002	1.00	2,000	2,000	Smith	Purchase Order
Body	003	80.00	1,000	80,000	Johnson	Best Value
Fin	004	40.00	1,000	40,000	Jones	Cost Data
Total				\$123,500		



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Direct Labor example:

2011				2012				Total	
Labor Category	Rate/Hr	Hours	Total	Labor Category	Rate/Hr	Hours	Total	Hours	Total
Assembly	\$12	400	\$4,800	Assembly	\$12.36	600	\$7,416	1,000	\$12,216
QA	\$13	100	1,300	QA	\$13.39	150	2,009	250	3,309
Total Direct Labor		500	\$6,100			750		1,250	\$15,527

All hours proposed are based on historical costs, reference contract 08-C-0001, account 9271.

The supporting data showing the historical hours and the development of the proposed hours are in the file “W52P1J-11-R-0001 Hours” and is available immediately upon request.

The direct labor rates are based on actual average rates as of 31 July 2011 and escalated by 3% for 2012. The supporting data and rate calculations are located in file “W52P1J-11-R-0001 Direct Labor Rates” and is available immediately upon request.



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<u>Overhead Expenses</u>	Budget	Actual Expenses		
	2011	2010	2009	2008
Indirect Payroll	\$260,000	255,150	248,535	258,930
Payroll Taxes	228,000	224,100	218,290	227,420
Vacation	120,000	117,450	114,405	119,190
Holiday	110,000	108,000	105,200	109,600
Sick Leave	50,000	49,005	47,735	49,731
Pensions	171,000	162,000	157,800	164,400
Employee Morale	5,000	4,860	4,734	4,932
Entertainment	50,000	49,005	47,735	47,735
Office Equipment	7,000	6,885	6,707	6,987
Depreciation	5,000	4,680	4,554	4,752
Miscellaneous	2,000	2,025	1,972	2,055
Other	366,500	366,840	357,334	374,268
Total Pool	\$1,374,500	\$1,350,000	\$1,315,000	\$1,370,000
<u>Less Unallowable Costs</u>				
Entertainment	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>
Net Allowable Expenses	<u>\$1,324,500</u>	<u>\$1,300,000</u>	<u>\$1,265,000</u>	<u>\$1,320,000</u>
<u>Allocation Base</u>				
Direct Labor	<u>\$2,336,000</u>	<u>\$2,500,000</u>	<u>\$2,300,000</u>	<u>\$2,200,000</u>
Rate	56.70%	52%	55%	60%

*Other Expenses: Subscriptions, Travel, Stationery, Reproduction, Maintenance, Rent, Telephone and Insurance.



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Summary:

Basis of Estimate data is considered certified cost and pricing data in accordance with the Truth in Negotiations Act. An adequate BOE does not mean that the costs will be considered fair and reasonable.

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Questions?