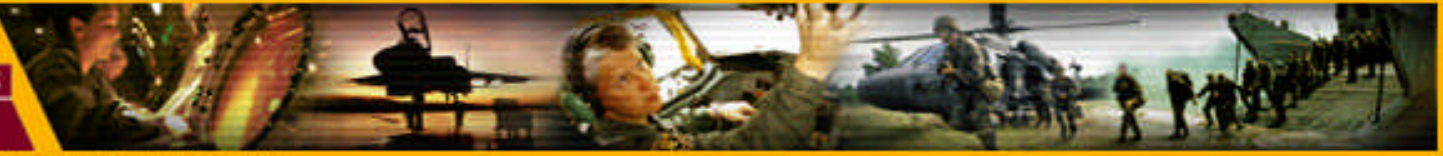




NATIONAL DEFENSE INDUSTRIAL ASSOCIATION

STRENGTH THROUGH INDUSTRY & TECHNOLOGY



Procurement Planning Committee Update

Mike Martin
31 January 2011

NDIA PPC Update

- Meeting conducted on 13 January 2011
- Contract Finance Committee Highlights
 - John Russell: Chair (Northrop Grumman)
 - Stuart Mabee (OSD - DPAP) Presentation:
 - Business Systems DFARS came about due to Shay Assad testimony before CWC
 - Section 893 of the 2011 NDAA places the implementation of the new Business Systems DFARS in statute...Government has 270 days to implement...It is unknown if it will be released as an interim or final rule
 - DCMA is reestablishing a cost and pricing function
 - The recent communication by Mr. Shay Assad stated that *“In those cases where DCAA has completed an audit of a particular contractor’s rates. DCMA shall adopt the recommended rates as the departments FPRR position”*. A memorandum of understanding between DCAA and DCMA is being drafted which outlines this process to avoid any confusion by the ACO’s

NDIA PPC Update

- AIA Meeting: Debrief of Patrick Fitzgerald (DCAA) comments
- DCAA Audit Programs will be realigned to be consistent with the new Business Systems DFARS
- All audit programs will be completely rewritten
- There will also be some brand new audit programs written to accommodate the new DFARS
- 43% of DCAA personnel have less than 5 years experience

NDIA PPC Update

- Committee DCAA Discussion
- Continued scrutiny by GAO of DCAA results in the agencies reluctance to audit based on risk and materiality
- Ms. April Stevenson is no longer on the CAS Review Board. Replaced by Mr. Patrick Fitzgerald October 2010
- DCAA's will not longer provide field support for proposals <\$100M Cost Type / < \$10M Fixed Price
- There appears to be a DCAA / DCMA initiative to close out open audits by issuing Form 1's and holding the money until litigation concludes
- GAO is conducting an audit of DCAA's oversight of contractors' internal audit programs. Contractors reviewed were: BAE,NGC,LM, Raytheon, URS and KBR. Conclusion is 9 to 12 months away. Results could be merely more criticism of DCAA or a finding that the agency should have the access to all contractor internal audit results including the working papers. Consensus of the committee is that nothing good is coming out of this GAO audit

NDIA PPC Update

- Next Meeting
- Dates:
 - Monday March 28th: Educational Seminar. Anticipated participants to include Mr. Patrick Fitzgerald (DCAA) and Mr. Charlie Williams (DCMA)
 - Tuesday March 29th: Committee Meetings
 - Wednesday March 30th: Procurement Planning Committee Meeting
- Location: Williamsburg Lodge
- Deadline for reservations is February 9th 2011