

Good-Bye 2019, We Hardly Knew Ye

Written by Nick Sanders

Monday, 30 December 2019 08:22

Last blog post for the year, and what a year it's been.

There were eight Federal Acquisition Circulars (FACs) published. They included both proposed and final rules. In addition, there were several proposed and/or final FAR revisions published outside of the official FACs. Looking back, not many of the rules—whether proposed or interim or final—seemed especially significant. The definition of “commercial item” was expanded. The prohibition on obtaining certified cost or pricing data was restricted (but not for all agencies). Procurement of telecommunications equipment from Huawei Technologies Company or ZTE Corporation was prohibited. In summary, not a particularly eventful year.

DCAA published three Memoranda for Regional Directors (MRDs), continuing its unfortunate trend of hiding a lot of its audit guidance behind agency firewalls. However, what was published contained potentially significant changes to how DCAA uses materiality in its audits of contractor final billing rate proposals (aka incurred cost submissions). In addition, DCAA continued to build its “Selected Areas of Cost Guidebook” (which replaced what used to be Chapter 7 of the Contract Audit Manual); and DCAA also revised quite a few of its audit programs—most notably the 11070 audit program for performing Accounting System audits. Thus, it's not fair to judge DCAA solely on its output of MRDs; one should strive to look at the total output.

Speaking of DCAA output, we've devoted a few recent blog articles to discussing DCAA productivity. In Government Fiscal Year 2019 (which ended 30 September 2019), the audit agency examined \$365.2 billion using procedures that resulted in a GAGAS-compliance audit report. If we subtract out audit reports related to audits of contractor proposals, that figure drops to \$246.3 billion. (Since the audit agency only issued audit reports in 26 percent of the assignments it completed, we can infer that roughly \$950 billion was examined in non-proposal audits, in total).

Of the \$246.3 billion that was reported upon, about \$1.94 billion was questioned in an audit report (a figure that excludes “funds put to better use,” which is how DCAA reports findings related to proposal audits). Thus, DCAA questioned less than one percent of all dollars examined.

How did Apogee Consulting, Inc. fare in 2019? Let's recap.

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51 blog articles published (counting this one)

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2 textbooks edited for ThompsonWest/LexisNexis

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1 six-week adult education class created and taught

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1 presentation for the Society of Corporate Ethics and Compliance

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1 presentation for the Association of Government Accountants

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1 presentation for the National Contract Management Association

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Participated in roundtable discussion at the Rocky Mountain Compliance Conference

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Participated in roundtable discussion at the BDO/Deltek Government Contracting Seminar in San Diego

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1 article drafted for publication (will be submitted in January)

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Testified in an arbitration proceeding

Thus, while blog article production fell precipitously, we made up for it in other areas.

Looking forward to 2020, we know we will be editing the two textbooks again. We have submitted a proposal to SCCE for another presentation. We expect to teach at SDSU once again. Our first 2020 engagement starts January 6th, and we hope to start another major project in late January/early February. We predict 2020 will be another busy year.

Here's hoping your 2020 is as rewarding as we expect ours to be.