

Unraveling the Incurred Cost Proposal Process

APRIL 24, 2024



Agenda



Incurred Cost Proposal Process and Timeline



ICP Schedules



Q&A

WITH YOU TODAY



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Learning Objectives

- ▶ Recognize the high-level process of the Incurred Cost Proposal process including the timeline for the preparation of the ICP.
- ▶ Identify and address the details associated with the various requirements of the ICP for compliance.
- ▶ Employ the insights provided by experienced BDO professionals to assist you during your ICP preparation activities for a successful submission.



Incurred Cost Proposal Process and Timeline



Incurring Cost Proposal (ICP) Overview

What?

- ▶ ICP schedules also support and become the Certificate of Final Indirect Costs
- ▶ ICP schedules show the detailed calculations of indirect pool(s) and base(s), as well as a summary of costs incurred by contract

When?

- ▶ Per FAR 52.216-7, an Incurred Cost Proposal is due within six (6) months after the contractor's fiscal year end (FYE)

Why?

- ▶ To establish final annual indirect cost rates and determine any over/under billing
- ▶ To demonstrate that costs are reasonable, allocable, and allowable in compliance with FAR, CAS (if applicable), and contract provisions

FAR 52.216-7:

“Allowable Cost and Payment requires Government contractors to “submit an adequate final indirect cost rate proposal to the Contracting Officer (or cognizant Federal agency official) and auditor within the 6-month period following the expiration of each of its fiscal years.”

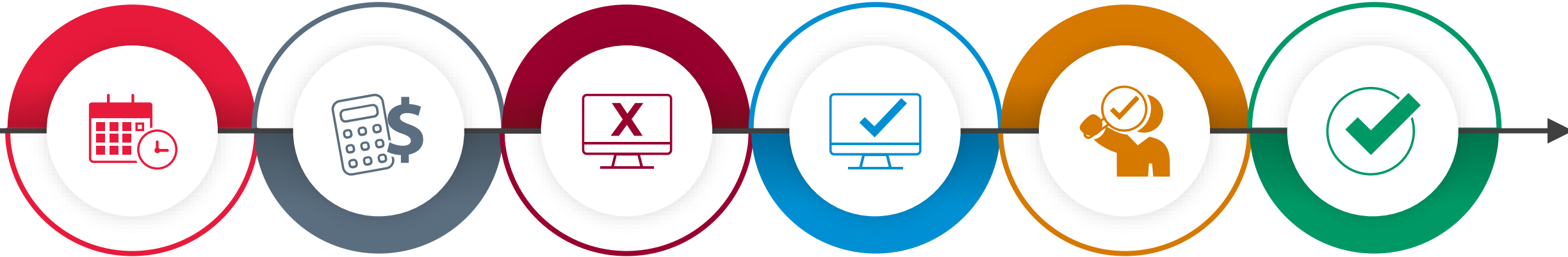
INDIRECT RATE =

Indirect Cost Pool

Allocation Base

ICP Timeline

FYE DEC-23: Contracts and subcontracts with FAR 52.216-7 close the year



DELINQUENT SUBMISSION

Request extension in writing to CO before deadline passes

INITIAL SUBMISSION

JUNE-24
Contractor ICP based on **Actual Costs** is prepared and submitted

INADEQUATE SUBMISSION

Deficiency is usually due to missing information or format error

ADEQUATE SUBMISSION

ICP is deemed adequate and ready for audit

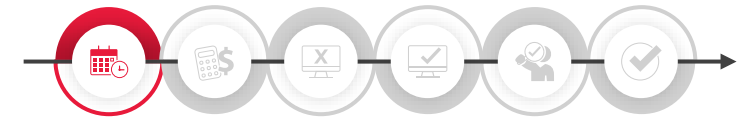
AUDIT

FAO may initiate an audit within six months of adequate submission

FINAL RATE DETERMINATION

All active contract billings must be updated within 60 days of final rates (per FAR 52.216-7(d)(2)(v))

Delinquent Submission



- ▶ If the filing deadline cannot be met, request an extension of time in writing to DCMA, **before** the deadline passes if possible
- ▶ If the contractor does not submit the proposal within six (6) months of its FYE DCAA may send reminder letters to the contractor

- ▶ Once six (6) months overdue, if no extension has been granted by the DCMA ACO, the DCAA auditor may provide the DCMA ACO with unilateral rate recommendations based on either:
 - (1) a decrement factor applied to indirect rates using relevant contractor historical data or
 - (2) a company-wide decrement factor based on questioned costs at high-risk contractors applied to total contract costs, if no relevant historical data exists

- ▶ If the contractor fails to submit a completion invoice or interim adjusting rate voucher within a specified time, the ACO could potentially make a change to the contract through a unilateral modification to the contract. The key is communication with the ACO
- ▶ Rate recommendations will apply to active contracts, as well as physically complete contracts for the overdue fiscal year end

Initial Submission



- ▶ Per FAR 16.307, cost-reimbursement and T&M contracts should include the Allowable Cost and Payment clause (FAR 52.216-7), requiring the ICP
- ▶ Subcontractors: Refer back to your subcontract agreement for inclusion of FAR 52.216-7 which would require preparation of an Incurred Cost Proposal
- ▶ Proposed rates shall be based on the Contractor's actual cost experienced for that period
- ▶ ICP preparation is contractor's final opportunity to voluntarily disallow costs (pre-audit) that could be perceived or determined to be unallowable
- ▶ Final indirect cost rates are used in negotiating the final price of Federal contracts, requiring that indirect costs be settled before contract prices are established
- ▶ FAR 52.216-7 - Allowable Cost and Payment requires Government contractors to *"submit an adequate final indirect cost rate proposal to the Contracting Officer (or cognizant Federal agency official) and auditor within the 6-month period following the expiration of each of its fiscal years"*

DCAAM 7641.90

Figure 12. Model Incurred Cost Proposal, continued.

XYZ CORPORATION ANYWHERE, USA		SCHEDULE A
SUMMARY OF ALL CLAIMED INDIRECT EXPENSE RATES FISCAL YEAR ENDED 3/31/2009		
Description	Amount	Reference
<u>General and Administrative:</u>		
Pool	\$271,022	Schedule B
Base	\$3,151,320	Schedule E
Claimed G&A Rate	8.60%	
<u>Overhead:</u>		
Pool	\$510,610	Schedule C
Base	\$656,824	Schedule E
Claimed O/H Rate	77.74%	
<u>Occupancy Expense (Intermediate):</u>		
Pool	\$178,083	Schedule D
Base (Square Footage)	18,492	Schedule D
Claimed Rate (per Sq. Ft.)	\$9.63	
<u>Cost of Money Overhead:</u>		
COM For period	\$10,235	Schedule F
Allocation Base	\$656,824	
O/H COM Factor	0.01558	
<u>Cost of Money G&A:</u>		
COM For period	\$2,101	Schedule F
Allocation Base	\$3,151,320	
G&A COM Factor	0.00067	

Source:

https://www.dcaa.mil/Portals/88/Documents/Checklists%20and%20Tools/ICE/DCAAM_7641.90.pdf?ver=2019-03-07-153300-960

Inadequate Submission



DEFICIENCY

Unallowable expense accounts/amounts are not identified as a reduction or adjustment to booked indirect expenses shown in the GL

ISSUE

On Schedule B for G&A, you didn't include all the unallowable accounts into the G&A pool in the first column, and then complete the "adjustment" column to back it all out in the third column

DEFICIENCY

Contract Ceilings are not listed on Schedule I

ISSUE

There isn't a column called Contract Ceiling on Schedule I. Completing the Contract Briefs in Schedule O (typically for closeout), drives a need to add a column on Schedule I for contract values

DEFICIENCY

For Schedule I, identify whether the listed contract is subject to the penalty clause

ISSUE

On Schedule I, you must note whether your contract is subject to the penalty clause. This response will be yes if your contract contains FAR clause at 52.242-3, Penalties for Unallowable Costs

Adequate Submission



An adequate Incurred Cost Proposal will first be reviewed for:

- ▶ Schedule N is signed by an authorized party (usually CFO or above)
- ▶ Costs are reasonable, allocable, and allowable in accordance with GAAP, CAS, FAR, and contract provisions, as applicable
- ▶ Identification, by contract, of awards containing FAR 52.242-3 - Penalties for Unallowable Costs (penalty clause)

- ▶ A contractor's submission of all claimed costs incurred for cost type and/or T&M reimbursable government contracts, including adjustments and explanatory notes
- ▶ Identification of unallowable costs (voluntary deletions) and expressly unallowable costs with notes accompanying adjustments

Required Schedules:

- ▶ A-F for Indirect Cost Pools
- ▶ G-K for Contract Costs
- ▶ L-O for Other Contract Information

DCAA Checklist and Tools

[CLICK FOR MORE INFO ▶](#)

Audit



DCAA Audit Objectives:

- ▶ Evaluate adequacy and compliance
- ▶ Assess if Cost Incurred and Claimed are:
 - Reasonable
 - Allocable
 - Allowable
- ▶ Obtain sufficient understanding of audit area
- ▶ Ensure contract or regulatory limitations or exclusions are reflected

- ▶ Confirm there is no unreasonable executive compensation
- ▶ Document test findings in working papers and permanent file
- ▶ Examine and document sufficient evidence to support an opinion



Executive Compensation Calculation

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Compensation Cap Amounts for Contracts Awarded on or After June 24, 2014

For Costs Incurred	Escalation ¹	Cap Amount ²
1/1/2024-12/31/24	4.3%	\$646,000
1/1/2023-12/31/23	5.0%	\$619,000
1/1/2022-12/31/22	3.7%	\$589,000
1/1/2021-12/31/21	2.4%	\$568,000

Final Rule Determination



- ▶ Per FAR 33.211, any appeal to the Contracting Officer's Final Decision (COFD) must be submitted in writing within 90 days of receiving decision
- ▶ Final indirect rate billings for physically complete contracts are due within 120 days after settlement
- ▶ Negotiated or audit determined final rates are used for:
 - Billing updates (impact differences in provisional rates)
 - Contract close out (completion voucher)
 - Determination of final incentive/award fees

DCAAM 7641.90

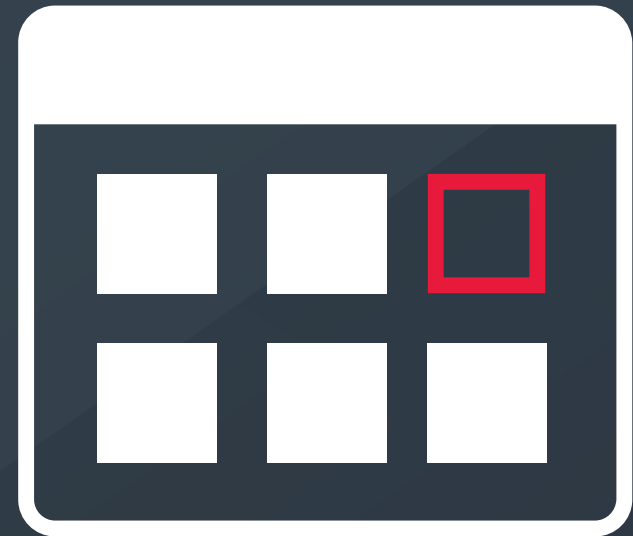
Figure 9. Sample of SF 1035 Completion Voucher

Standard Form 1035 (EG) September 1973 4 Treasury FRM 2000 1035-110		PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL CONTINUATION SHEET			VOUCHER NO. (b) 30 z	
					SCHEDULE NO. (c)	
					SHEET NO. (d)	
U.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT Navy Regional Medical Center, San Diego, CA						
NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES <i>(Enter description, item number of contract or Federal supply schedule, and other)</i>	QUAN- TITY	UNIT PRICE		AMOUNT
				COST	PER	
(e) XYZ Corporation 200 Euclid Street Tampa, FL 20005		(f) Contract No. N66818-91-C-091 (h) Contractor's Cumulative Claim <u>Reconciliation Statement</u>		(g) Target Estimated Costs (g) Fixed Fees (g) Total	(k)	\$400,000 \$36,000 \$436,000 Total
	(j) Final Rates	FY87	FY88	FY89		
	Fringe Benefit Rate	10.93%	12.15%	13.33%		
	Overhead Rate	112.99%	92.30%	92.12%		
	G&A Rate	2.91%	14.97%	12.33%		
	(i) Major Cost Elements	FY87	FY88	FY89		
	Salaries	\$115,572.17	\$16,068.11	\$3,033.44		\$134,673.72
	Fringe Benefits	\$12,632.04	\$1,952.28	\$404.36		\$14,988.68
	Total Direct Labor	\$128,204.21	\$18,020.39	\$3,437.80		\$149,662.40
	Overhead	\$144,857.93	\$16,632.82	\$3,166.90		\$164,657.66
	Material	\$2,242.16				\$2,242.16
	Subcontract	\$62,351.00				\$62,351.00
	Travel	\$4,193.94	\$297.76			\$4,491.70
	Consultants	\$1,071.76				\$1,071.76
	Other Direct Costs	\$770.10	\$8.34	\$9.00		\$787.44
	Subtotal	\$343,691.10	\$34,959.31	\$6,613.70		\$385,264.12
	G&A	\$10,001.41	\$5,233.41	\$815.47		\$16,050.29
	Total Costs Incurred	\$353,692.51	\$40,192.72	\$7,429.17		\$401,314.41
	Amount in Excess of Contract Amount					(1,314.41)
	(l) Total Costs Claimed					\$400,000.00
	(m) Fixed Fee					\$36,000.00
	(n) Total					\$436,000.00
	(o) Less Previous					(433,871.23)
	Amount Due				(p)	\$2,128.77

Source:

https://www.dcaa.mil/Portals/88/Documents/Checklists%20and%20Tools/ICE/DCAAM_7641.90.pdf?ver=2019-03-07-153300-960

ICP Schedules



ICP Schedules

REQUIRED SCHEDULES

- ▶ To be completed and provided to DCAA at the time of submission, if applicable
- ▶ Some schedules, while identified as required, do not have to be completed if the schedule does not apply to the company (i.e., Capital Cost of Money, Intermediate Schedules)
- ▶ Schedules include A - E, *Fringe (or Schedule D), F-O

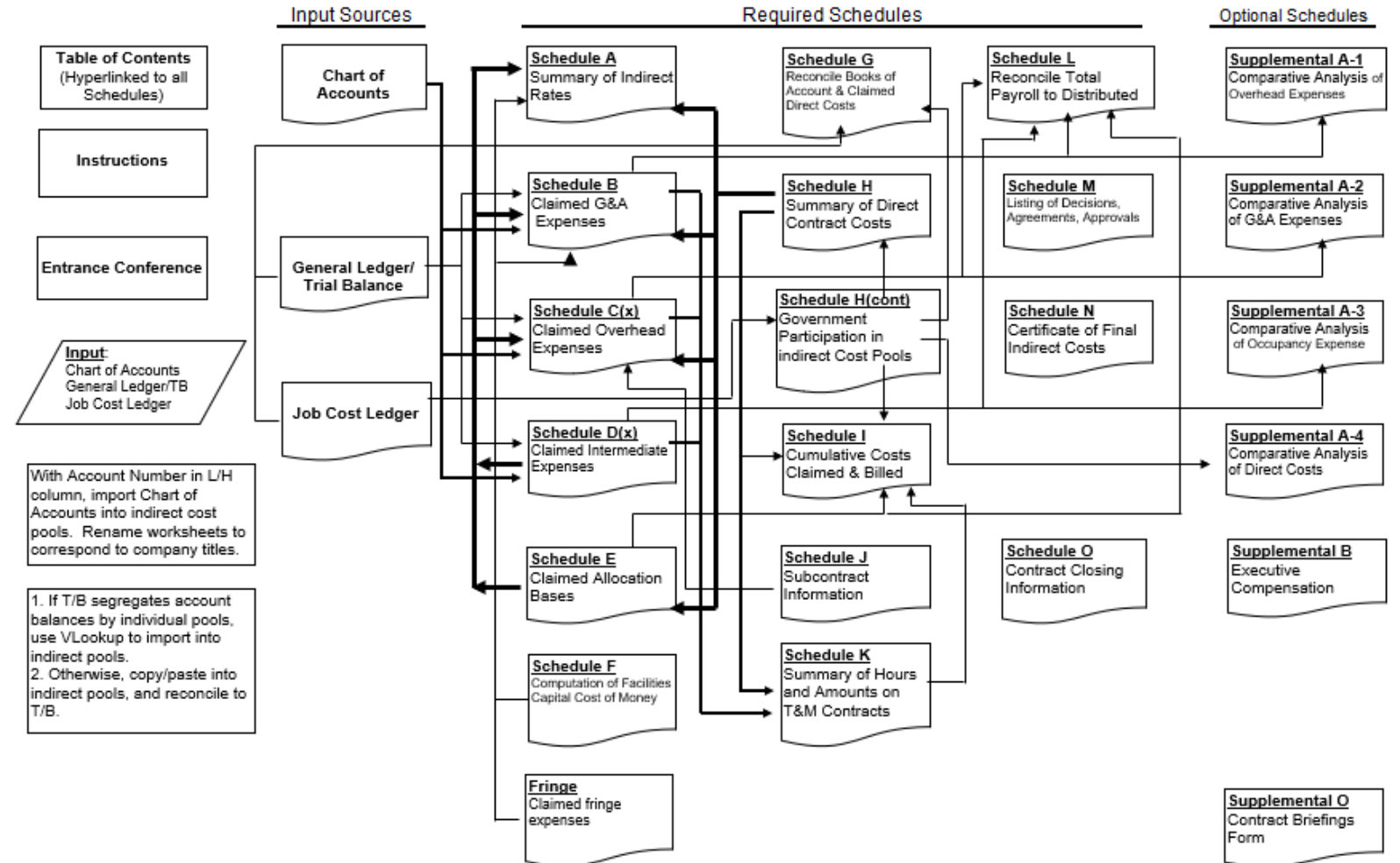
SUPPLEMENTAL SCHEDULES

- ▶ Additional schedules which are not required to be provided at the time of submission for the determination of an adequate submission
 - However, may be required during the audit process.
- ▶ Can be requested to be provided at the entrance conference to help determine audit risk, preliminary and field audit steps
- ▶ Federal contractors should consider completing and including the supplemental schedules at the time of submission to decrease delays in facilitating the audit.
- ▶ Schedules include Supplemental A - O

ICP Schedules Flowchart

ICE MANUAL

Flow Chart Showing Linkages Between and Among the Various Worksheets



ICP Schedule A

Schedule A: Summary of all Claimed Indirect Expense Rates

- ▶ This schedule shows each Indirect Rate with cost and base amounts
- ▶ Schedule A must tie to:
 - B: G&A Expenses (final)
 - C: Overhead Expenses (final)
 - D: Intermediate/Occupancy Expenses
 - E: Claimed Allocation Bases
 - *Fringe - Schedule of Fringe Benefit Expenses
 - F: Facilities Capital Cost of Money (FCCM)
 - H: Direct Costs by Contract/Subcontract

Cost Element	Schedule A	Schedule E	Diff from Sch A	Description	Schedule H	Diff from Sch A	Description	Sch H-1 Amount	Diff from Sch A
Fringe (Full)									
POOL	538,450	538,450	-	Fringe Pool	483,508	-	Fringe Base		
BASE	1,163,022	1,163,022	-	Fringe on Direct Labor	10,698	-	Direct Labor	1,044,349	
FRINGE RATE	46.30%			Fringe on OH Labor	44,245	-	G&A Labor	95,566	
				Fringe on G&A Labor	538,450	-	Indirect Labor	23,107	
								1,163,022	-
Fringe (Limited)									
POOL	142,208	142,208	-	Fringe Pool	142,208	-	Fringe Base	625,223	-
BASE	625,223	625,223	-						
FRINGE RATE	22.75%								
Fringe (Other)									
POOL	-	-	-	Fringe Pool	-	-	Fringe Base	1,523	-
BASE	1,523	1,523	-						
FRINGE RATE	0.00%								
Fringe (SCA)									
POOL	700,714	700,714	-	Fringe Pool	700,714	-	Fringe Base	1,913,100	-
BASE	1,913,100	1,913,100	-						
FRINGE RATE	36.63%								
Overhead Expenses									
POOL	109,252	109,252	-	Overhead Pool	109,252	-	Overhead Base	4,910,624	-
BASE	4,910,624	4,910,624	-						
O/H RATE	2.22%								
General and Administrative (G&A) Expenses									
POOL	1,803,762	1,803,762	-	G&A Pool	1,803,762	-	G&A Base	10,254,547	-
BASE	10,254,547	10,254,547	-						
G&A RATE	17.59%								

ICP Schedule B

Schedule B: G&A Expenses (Final)

- ▶ G&A costs broken down by account name and number (before intermediate allocations)
- ▶ Any intermediate allocation amounts from Service Center, Home Office, Fringe, etc.
- ▶ IR&D and B&P costs broken out separately into Labor, Fringe, Overhead, and ODC's
- ▶ Total expense pool amount.
- ▶ All unallowable costs should be deducted out in the adjustments column in the schedule

Schedule B is linked to the following schedules:
 Sched D (x), Intermediate Allocations
 Sched E, Bases
 Sched H, Contract Costs
 Summary Sch H
 Sched P, IR&D/B&P
[ICE MANUAL](#)

SCHEDULE B
 ICE (version 2.0.1h)

XYZ Corporation
Anywhere, USA

General and Administrative (G&A) Expenses (Final Indirect Cost Pool)

General and Administrative (G&A) Expenses
Fiscal Year End - 3/31/2009
IMPORT DATA FROM ACCOUNTING RECORDS

RECHECK FORMULAS AND LINKS AFTER COMPLETING SCHEDULE

ACCOUNT NUMBER	DESCRIPTION	Acct Balances			TOTAL PER G/L, F/S & TRIAL BAL.	ADJUSTMENT	CLAIMED	NOTES	Reference
		Mkt	Cont	Pres					
8310	Salaries & Wages	25,202	30,602	34,203	90,007		90,007		1
8320	Legal Fees		1,744		1,744		1,744		
8330	Audit Fees		32,361		32,361		32,361		
8501	Travel	3,636	2,082	7,269	12,987	(1,295)	11,692		2
8503	Entertainment	300		184	484	(484)	-		3
8505	Advertising & Promotion	354			354	(287)	67		4
8522	Bad Debts		3,018		3,018	(3,018)	-		5
8520	Periodicals	2,882	1,678		6,435		6,435		
8523	Conventions/Seminars	4,920		3,016	7,936	(319)	7,617		4
8527	Interest Expense		1,001		1,001	(1,001)	-		6
8528	Holiday	650		882	2,321		2,321		
8540	Vacation	1,627	1,976	2,209	5,812		5,812		
8530	Sick Leave	276	336	375	987		987		
8531	Personal Absence	303	368	411	1,082		1,082		
8532	Employee FICA	1,068	1,237	1,450	3,815		3,815		
8535	FUI	51	62	70	183		183		
8536	SUI	255	309	346	910		910		
8537	Workers' Compensation	144	175	196	515		515		
8549	Health Insurance	2,495	3,030	3,387	8,912		8,912		
8550	Life Insurance	304	370	413	1,087		1,087		
8551	Pension Plan	3,449	4,188	4,681	12,318	(1,883)	10,435		7
8552	Miscellaneous	940	1,488	929	3,357		3,357		
					-		-		
					-		-		
					-		-		
					-		-		
	SUBTOTAL	48,856	86,874	61,896	197,626	(8,287)	189,339		
	Intermediate Allocations:								
	Occupancy	5,085	6,269	11,797	23,151	-	23,151		
	SUBTOTAL	53,941	93,143	73,693	220,777	(8,287)	212,490		
	IR & D Mat'l, Trvl, ODC(Sum SCHH)				9,724		9,724		
	IR & D Labor (Sum SCHH)				14,287		14,287		
	IR & D Overhead(Sum SCHH & SCHE)				11,822	(715)	11,107		8
	B & P Mat'l, Trvl, ODC(Sum SCHH)				6,485		6,485		
	B & P Labor (Sum SCHH)				9,525		9,525		
	B & P Overhead(Sum SCHH & SCHE)				7,882	(477)	7,405		8
							-		
	TOTAL G & A EXPENSE POOL				280,502	(9,479)	271,023		

Sched D (1)
 SUM SCHED H
 SUM SCHED H
 SUM SCHED H SCHEDULE
 SUM SCHED H
 SUM SCHED H SCHEDULE

ICP Schedule C

Schedule C: Overhead Expenses (Final)

- ▶ Calculates overhead expenses, those costs that are closely associated with contract performance:
 - Support functions for direct labor workforce
- ▶ Schedule includes details of costs by account name and number (before intermediate allocations):
 - One schedule per O/H Pool (e.g., Manufacturing, Engineering, Onsite, Offsite, FCCOM)
 - Any intermediate allocation amounts from Service Center, Fringe, etc.

Schedule C is linked to the following schedules:
Schedule D(x)

SCHEDULE C (1)
ICE (version 2.0.1h)

XYZ Corporation
Anywhere, USA

Overhead Expenses (final indirect cost pool)

Overhead
Fiscal Year End - 3/31/2009
IMPORT DATA FROM ACCOUNTING RECORDS

[ICE MANUAL](#)

RECHECK FORMULAS AND LINKS AFTER COMPLETING SCHEDULE

ACCOUNT NUMBER	DESCRIPTION	Acct Balances			TOTAL PER G/L TRIAL BAL/FIDJUSTMENT	CLAIMED	Notes	Ref.
		Fab	Assy	Mfg				
7001	Salaries & Wages	13,885	13,224	5,951	33,060	33,060		
7002	Postage & Handling	2,619	2,494	1,122	6,235	6,235		
7003	Office Supplies	2,714	2,584	1,163	6,461	6,461		
7013	Dues/Memberships	587	545	980	2,112	1,612	2	
7014	Insurance	310	295	133	738	738		
7015	Depreciation/Amortization	1,186	1,130	508	2,824	2,824		
7016	Repairs/Maintenance	706	672	303	1,681	1,681		
8421	Holiday	8,476	8,072	3,633	20,181	20,181		
8422	Vacation	10,685	10,176	4,579	25,440	25,440		
8423	Sick Leave	6,014	5,727	2,577	14,318	14,318		
8425	Severance Pay	13,616	12,968	5,835	32,419	9,396	3	
8427	Employer FICA	9,917	9,445	4,250	23,612	23,612		
8429	FUI	508	484	218	1,210	1,210		
8430	SUI	2,441	2,325	1,046	5,812	5,812		
8431	Workers' Compensation	1,391	1,324	596	3,311	3,311		
8435	Health Insurance	13,061	12,439	5,597	31,097	31,097		
8440	Life Insurance	2,870	2,733	1,230	6,833	6,833		
8445	Pension Plan	24,494	23,328	10,498	58,320	49,708	4	
8450	Miscellaneous	257	245	110	612	612		
					-	-		
					-	-		
	Subtotal	162,910	155,135	70,545	388,590	355,678		
	Occupancy	80,557	46,428	27,947	154,932	154,932		Sched D (1)
	Total Overhead Pool				543,522	510,610		

ICP Schedule E

Schedule E: Claimed Allocation Bases

- ▶ Calculates the allocation bases for all final indirect pools
- ▶ Schedule A should reference base amounts included on Schedule E
- ▶ Adjustments should be thoroughly explained via footnotes
- ▶ Allocation bases for intermediate pools are sometimes incorporated as well
- ▶ Example allocations bases include:
 - G&A
 - Subcontracts and Material Handling (SM&H)
 - Overhead
 - Fringe: total labor, FTE, headcount
 - Facilities

	PER G/L, F/S & TRIAL BAL/F/S	PER G/L ADJUSTMENTS	CLAIMED	Ref.
Overhead Pool	\$ 543,522	\$ (32,912)	\$ 510,610	Sched C (I)
Overhead Base:				
Total Contract Labor	\$ 633,012		\$ 633,012	Summary Sched H
IR&D Labor	14,287		14,287	Summary Sched H
B&P Labor	9,525		9,525	
Total Overhead Base	\$ 656,824	\$ -	\$ 656,824	
Overhead Rate	82.75%		77.74%	
G&A Pool	\$ 280,502	\$ (9,479)	\$ 271,023	Sched B
G&A Base:				
Contract Labor			\$ 633,012	Summary Sched H
Contract Travel			34,563	Summary Sched H
Contract Material			842,981	Summary Sched H
Other Direct Costs			172,105	Summary Sched H
Subcontracts			944,841	Summary Sched H
Subtotal = DIRECT COSTS			\$ 2,627,502	
General Ledger Overhead (before adjustments)			543,522	Sched C (I)
Less: IR&D/B&P O/H transferred to G & A pool.				
IR &D O/H (at G/L rate)			(11,822)	SCHED B
B&P O/H (at G/L rate)			(7,882)	SCHED B
Other Misc Adjustments to G&A Base (provide detailed support)			-	
G&A Base - Total Cost Input (excludes IR&D/B&P and COM)			\$ 3,151,320	
G&A Rate			8.60%	

ICP Schedule F

Schedule F: Facilities Capital Cost of Money (FCCM)

- ▶ The cost of money is considered an allowable cost under FAR
- ▶ FCCM provides the government with a breakdown about financing costs the contractor has incurred
- ▶ Uses the weighted average cost of capital

Computing COM Rate:			
	Treasury		
	Rate	Mos.	COM Rate
Apr - Jun 08	4.750%	3.00	1.188%
Jul - Dec 08	5.125%	6.00	2.563%
Jan - Mar 09	5.625%	3.00	1.406%
			5.157%

Months percentage added for demonstration purposes - adjust as needed

Company 1		1. Applicable	2. Accumulation	3. Allocation of	4. Total Net	5. COM for Cos	6. Allocation	7. Facilities
Cost Accounting Period 20xx		Cost of Money	& Distribution of	Undistributed	Book Value	Accounting	Base For	Capital COM
		Rate	NBV			Period	Period	Factors
Business Unit	Recorded	5.16%	69,761	(Basis Of Allocation) (Column 2+3)	198,507	(Column 1*4)	In units	(Column 5/6)
	Leased Property		162,290					
	Corporate/Group							
	Total		232,051					
	Undistributed		193,290					
Facilities Capital	Distributed		38,761				(Note 1)	
Overhead Pools	Cost of Money Overhead		30,345	168,162	198,507	10,237	656,824	0.01559
	Unused		-	-	-	-	-	0.00000
	LESS: COM on IR&D/B&P Labor:							
	Cost of Money Overhead					(371)	(23,812)	0.01559
	Unused							0.00000
	Subtotal					9,866		
G&A Expense Pools	G & A		8,416	25,128	33,544	1,730		
	ADD: COM on IR&D/B&P Labor					371		
	Subtotal:					2,101	3,151,320	0.00067
TOTAL			38,761	193,290	232,051	11,967		

ICP Schedule G

Schedule G: Reconciliation of General Ledger / Trial Balance to Claim

- ▶ Booked and Claimed Direct Costs
- ▶ Any adjustments to Direct Costs are shown here

<u>DESCRIPTION *</u>	<u>AMOUNT PER GENERAL LEDGER *</u>	<u>ADJUSTMENTS</u>	<u>AMOUNT CLAIMED</u>	<u>Ref.</u>
Direct Labor	656,824		656,824	Summary Sch H
Travel	35,173	(1,687)	33,486	Summary Sch H
Material	843,192		843,192	Summary Sch H
Other Direct Cost	187,493	(3,183)	184,310	Summary Sch H
Subcontracts	944,841		944,841	Summary Sch H
TOTAL DIRECT COSTS	2,667,523	(4,870)	2,662,653	

* Includes IR&D/B&P direct costs

ICP Schedule H

Schedule H: Direct Costs by Contract/Subcontract

- ▶ Indirect rates (as calculated in Schedule A) are applied to the direct contract costs to determine the total direct and indirect expenses for each contract
- ▶ Best Practices:
 - Include federal agency/customer name, by award
 - Differentiate between claimed and unclaimed (non-billable) direct costs by cost element and applied indirect costs
 - Reconcile total costs incurred on Schedule H to Trial Balance or detailed General Ledger
 - Calculate indirect rate caps on this schedule for greatest efficiency and easy linkage to Schedule I

SCHEDULE H

ABC, LLC.
Anywhere, VA
FISCAL YEAR ENDED 12/31/14
SCHEDULE OF DIRECT COSTS BY CONTRACT/SUBCONTRACT
AND INDIRECT EXPENSE APPLIED AT CLAIMED RATES

Award Type	Customer Name	Project No.	Project Name	Contract No.	Subcontract No.	Direct Labor	Travel	ODCs	Total Direct Costs - Value Add	Materials	Subcontracts	Sch. A	Sch. A	Value Add Direct Costs Plus Fringe & OH	Sch. A	Total M&S	Sch. A	Grand Total	
												20.56%	15.45%		8.35%		4.56%		
												Allowable Fringe	Allowable Overhead		G&A		M&S Handling		
COST TYPE																			
CPAF	(Agency)	100	ABC	ABC-123-000		3,255	5,554	6,644	15,453	-	-	669	606	16,729	1,397	-	-	-	18,125
CPFF	(Agency)	101	DEF	ABC-234-000	STU	4,523	4,344	55,533	64,400	4,663,000	344,422	930	842	66,172	24,592	5,007,422	228,338		5,326,525
COST TYPE TOTAL						7,778	9,898	62,177	79,853	4,663,000	344,422	1,599	1,449	82,901	25,988	5,007,422	228,338		5,344,650
T&M	(Agency)	200	GHI	CDE-456-000	VWX	345,435	48,533	6,332	395,300	-	553,322	71,021	64,343	530,664	46,417	553,322	25,231		1,155,695
T&M TOTAL						345,435	48,533	6,332	395,300	-	553,322	71,021	64,343	530,664	46,417	553,322	25,231		1,155,695
Fixed Price	(Agency)	300	JKL	EFG-678-000		15,345	2,567	664	18,576	55,633	-	3,155	2,858	24,589	2,265	55,633	2,537		85,024
FIXED PRICE TOTAL						15,345	2,567	664	18,576	55,633	-	3,155	2,858	24,589	2,265	55,633	2,537		85,024
COMMERCIAL		500	MNO	HIJ-992-029		125,555	13,000	1,409	139,964	-	-	25,814	23,387	189,165	15,795	-	-		204,960
IR&D/B&P		900	PQR			34,229	986	283	35,498	-	-	7,037	6,376	48,911	-	-	-		48,911
GRAND TOTAL						528,342	69,984	70,865	669,191	4,718,633	897,744	108,627	98,412	876,230	90,466	5,616,377	256,107		6,839,180
												5,616,377 Sch. E- Mat. & Sub Handling							
												Sch. C							
												Sch. B							
												Sch. C-1							

ICP Schedule H1

Schedule H: Direct Costs By Contract/Subcontract

- ▶ Government Participation by Contract type will be tested in the audit context
- ▶ The percentage of government participation in the allocation bases of various indirect rates will impact the amount of questioned costs identified in an audit. Questioned indirect costs will be calculated against the government participation associated with flexibly priced contracts will require reimbursement to the government. (i.e., questioned indirect costs may not need to be reimbursed dollar for dollar)

Schedule H-1 is linked to the following schedules:				Schedule H-1	
Schedule H, Contract Costs				ICE (version 2.0.1e)	
ICE MANUAL					
Tom Tagle LLC					
West Coast, USA					
Subsidiary Schedule of					
Government Participation Percentages					
Fiscal Year End - 12/31/2023					
Overhead					
	Overhead		G&A		Ref.
Contract Type	Base Amount	%	Base Amount	%	
Cost-Type	20,563,815	93.4%	64,207,748	95.5%	SCHED H
Flexibly Priced	-	0.0%	-	0.0%	"
T&M	248,971	1.1%	472,193	0.7%	"
Fixed Price	393,607	1.8%	2,567,731	3.8%	"
Commercial	-	0.0%	-	0.0%	"
IR&D/B&P	814,489	3.7%	-	0.0%	"
Unbillable	-		17,948	0.0%	"
Total	22,020,882	100.0%	67,265,621	100.0%	

ICP Schedule I

Schedule I: Cumulative Direct and Indirect Costs Claimed and Billed

- ▶ Determine costs claimed versus those billed for all Federal cost reimbursement and T&M awards (subcontracts are traditionally included)
- ▶ All cost reimbursement and T&M contracts are identified separately on schedule and should be sorted by Federal Agency
- ▶ Current year claimed costs must be linked from Schedule H and Schedule K and added to prior year settled/claimed costs
- ▶ Include contract limitations to prevent overstating claimed costs

DCAAM 7641.90

Figure 12. Model Incurred Cost Proposal, continued.

CORPORATION HERE, USA		SCHEDULE OF CUMULATIVE DIRECT AND INDIRECT COSTS CLAIMED AND BILLED COST BY CONTRACT AND SUBCONTRACT FISCAL YEAR ENDED (FYE) 3/31/2009											SCHEDULE I	
Contract No.	Subcontract No.	Order No.	Subject to Penalty Clause Note (2)	Prior Years Settled Total Costs Note (3)	Unsettled Claimed Direct and Indirect Costs		Total Cumulative Settled or Claimed	Less: Contract Limitations, Rebates, Credits Note (5)	Net Cumulative Settled or Claimed Note (6)	Cumulative Costs billed			Over (Under) billing	Physically complete (Note 7)
					FYE 3/31/08 Note (4)	FYE 3/31/09 Note (4)				PV No.	Thru	Amount		
<u>Fixed & Flexibly Priced: (Note 1)</u>														
-05-C-0873		1201	Yes	\$0	\$126,821	\$511,424	\$638,245		\$638,245	18	2/28/2009	\$640,110	(\$1,865)	
-05-C-0874		1203	Yes	382,595	2,867,500	51,141	3,301,236		3,301,236	30	3/31/2009	3,295,110	-6,126	
-06-C-0777	45085	1204		359,626	555,311	37,187	952,124		952,124	24	1/31/2009	960,100	7,976	Yes
0-05-C-0913		1205	Yes	591,362	443,916	623,468	1,658,746		1,658,746	33	3/31/2009	1,640,426	-18,320	Yes

ICP Schedule J

Schedule J: Subcontractor Information

- ▶ Identify subcontracts you have awarded to companies for which you are the prime or upper-tier contractor for a cost-type contract, including inter-divisional effort(s)
- ▶ Information that must be included:
 - Subcontract number, name and address
 - Prime contract number
 - Subcontractor point of contact and phone number
 - Total value of subcontract
 - Costs incurred in that fiscal year
 - Award type

Cost-type subcontracts issued under flexibly priced prime contracts: Yes No

SUBCONTRACT NO.	PRIME CONTRACT NO.	SUBCONTRACTOR'S NAME & ADDRESS	POINT OF CONTACT AND PHONE NO.	SUBCONTRACT VALUE	Performance Period		INCURRED IN FY 2009	AWARD TYPE
					From	To		
P.O. #XYZ0998R	N00039-05-C-0873	Small Company 1445 Southpark Blvd. Buffalo, NY 14206	Ms. Donna Charleston Marketing Manager (716) 883-8700 X317	\$110,500	3/16/2006	6/30/2009	\$87,912	CPFF
P.O. #XYZ0776R	N00040-05-C-0874	Tanza Enterprises 87B Executive Park Fairfax, VA 22033	Mr. Mike Tanza President (703) 983-5640	\$895,000	4/20/2006	12/2//2010	\$15,341	CPFF
P.O. #XYZ01032R	Subcontract to Clark Inc. Prime N00039-05-C-0875	Argonautics, Inc. 555 Ocean Parkway Anaheim, CA 92803	Mr. Ted Kessel Marketing Manager (714) 998-2000 X12	\$152,500	7/25/2008	10/16/2011	\$7,888	CPFF

ICP Schedule K

Schedule K: Summary of Hours and Amounts on Time and Material (T&M) / Labor Hour

► Schedule K Best Practice

- All contracts identified as T&M on Schedule H should be reported on Schedule K
- ODCs and Travel costs must tie to Schedule H
- Material and travel costs should be added and loaded with the claimed G&A rate, if applicable
- Details should be in the same level used for billing

Contract Labor Category (1)				Contract No. N00022-96-D-0111 Task: 001			Contract No. N00022-96-D-0111 Task: 002		
LABOR	Rate (2)	Hrs	Amount	Rate (2)	Hrs	Amount	Rate (2)	Hrs	Amount
Program Manager	\$ 25.00	100	2,500	\$25.00	50	1,250			
Senior Engineer	\$ 20.00	100	2,000	\$17.50	100	1,750			
Engineer	\$ 15.00	200	3,000	\$12.50	100	1,250			
Analyst	\$ 12.50	100	1,250	\$12.50	-	-			
Technical Typist	\$ 7.00	50	350	\$7.00	100	700			
TOTAL		550	9,100		350	4,950			
OTHER COSTS									
Material Costs (3)			1,000			500			
Travel Costs (3)			382			421			
	G&A @:	<u>Sched A</u>							
	Subtotal	8.60% (4)	119			79			
			<u>1,501</u>			<u>1,000</u>			
TOTAL			<u>10,601</u>			<u>5,950</u>			
Task Ceilings			<u>25,000</u>			<u>12,500</u>			

Explanatory Notes

- (1) Represents effort performed by the company. Any subcontract effort should be identified separately.
 (2) Represents rates specified in the contract which may be higher or lower than actual rates incurred.
 (3) Represents actual costs recorded in the cost records.
 (4) G&A applied at the claimed rate to Material (if not Value-added base) and Travel Costs.

ICP Schedule L

Schedule L: Reconciliation of Total Payroll to Total Labor Distributed

- ▶ Salary and Wages reported on Schedule L must reconcile to corresponding pools
- ▶ Payroll information should be entered directly from Form 941
- ▶ Labor distribution information is entered using links from schedule H (for direct labor) and schedules B, C, and D (indirect labor expenses)
- ▶ Total 941 amount needs to reconcile to the labor totals from the rest of the ICP
- ▶ Acceptable variance regarded as “immaterial” varies depending on auditor judgment

<u>Acct No.</u>	<u>Description</u>	<u>General Ledger</u>	<u>Reference</u>
<u>Direct Labor:</u>		656,824	Summary SCHED H
<u>General & Administrative:</u>			SCHED B
8310	Salaries	90,007	
8528	Holiday Wages	2,321	
8540	Vacation Wages	5,812	
8530	Sick Leave	987	
8531	Personal Absence	1,082	
<u>Overhead Pools:</u>			SCHED C (x)
7001	Wages	33,060	
8421	Holiday Wages	20,181	
8422	Vacation	25,440	
8423	Sick Leave	14,318	
8425	Severance Pay (in full)	32,419	
<u>Intermediate Pools:</u>			SCHED D (x)
8110	Occupancy Wages	23,280	
	Overtime Premium (in ODCs)	270	
	Overtime Premium	-	
	Other Adjustment to arrive at Total Payroll Distributed (Provide detailed support)	-	
TOTAL LABOR DISTRIBUTION		906,001	
		PER IRS FORM 941	
	1ST QTR.	228,479	
	2ND QTR.	228,236	
	3rd QTR.	237,206	
	4th QTR.	220,167	
	Plus: Current Year Accrual	15,128	
	Minus: Prior Year Accrual	(33,214)	
	Other Adjustments	9,999	
TOTAL PAYROLL		906,001	

ICP Schedule M

Schedule M: Listing of Decisions / Agreements / Approvals & Description of Accounting / Organizational Changes

- ▶ Refer to memorandums issued by Administrative Contracting Officers and disclosure of any accounting or organizational changes
- ▶ Contractors using a blending of compensation caps in accordance with FAR 31.205-6(p) are required to enter into an advance agreement with the cognizant contracting officer
- ▶ Advance Agreements regarding certain cost elements or costs incurred in certain circumstances should be included on Schedule M

ICE MANUAL

SCHEDULE M

XYZ Corporation
Anywhere, USA

ICE (version 2.0.1h)

Listing of Decisions/Agreements, or
Approvals Affecting Direct/Indirect Cost
And Description of Accounting or Organization Changes

Fiscal Year End - 3/31/2009

Please provide copies of documents or a reference to where they are filed.

A. Decisions/Agreements or Approvals

1. Severance Pay - (Schedule C) Reference ACO letter of 30 July 2008 regarding Severance Pay and Relocation Expenses of terminated employees.
2. Pension Plan - (Schedules B & C) Reference ACO memorandum of negotiations of 10 August 2008 (FY 2009 Overhead) which sets forth pension plan rates, vacation approvals, and certain other matters.
3. B&P Ceiling - Included in ACO memorandum of negotiations discussed in 2. (above).
4. Billing Rates - ACO letter of 3 March 2008 setting forth approved billing rate for FY 2009.
5. Salary Approval - ACO letter of 19 June 2008 approving salaries of top management.
6. Ceiling Rates - Contract No. N00039-90-C-0873 provides for a ceiling on overhead and G&A rates of 80% and 10% respectively. The claimed rates for FY 2009 are less than the ceiling rates. Provide contract reference to ceiling rate.

B. Accounting or Organization Changes

1. During January 2009, a redirection of Contract No. N00060-09-C-0914 occurred. The PCO directed the stretching of this program into the future.

ICP Schedule N

Schedule N: Indirect Cost Certification

- ▶ Should be signed by an authorized party (usually CFO or above)
- ▶ The contractor should complete this form, scan the signed certificate and submit it with the Incurred Cost Proposal
- ▶ The contractor must maintain the hard copy original signed certificate for the auditor's examination
- ▶ A signed Indirect Cost Certificate is required by FAR 52.242-4

ICE MANUAL

SCHEDULE N
ICE (version 2.0.1h)

XYZ Corporation
Anywhere, USA

Certificate of Final Indirect Costs
Fiscal Year End - 3/31/2009

This is to certify that I have reviewed this proposal to establish final indirect cost rates and to the best of my knowledge and belief:

1. All costs included in the proposal [identify proposal and date] _____ to establish final indirect cost rates for [identify period covered by rate] _____ are allowable in accordance with the cost principles of the Federal Acquisition Regulation (FAR) and its supplements applicable to the contracts to which the final indirect cost rates will apply; and
2. This proposal does not include any costs which are expressly unallowable under applicable cost principles of the FAR or its supplements.

Firm: _____

Signature: _____

Name of Certifying Official: _____

Title: _____

Date of Execution: _____

FAR Part 52.242-4-- Certification of Final Indirect Costs.
As prescribed in 42.703-2(f), insert the following clause:
Certification of Final Indirect Costs (Jan 1997)
(a) The Contractor shall --

ICP Schedule O

Schedule O: Contract Closing Information for Contracts Completed in This Fiscal Year

- ▶ Contract Closing Information
- ▶ Use only for contracts ‘physically’ completed the fiscal year of ICP
- ▶ Includes the following information on each closed contract, broken out by contract type:
 - Contract Number
 - Performance Period
 - Whether or not it is ready to close
 - Contract ceiling amount
 - Contract fee
 - Level of Effort cumulative hours, actual and required

<u>Contract No.</u>	<u>Order No.</u>	<u>Performance Period</u>		<u>Ready To Close(1)</u>	<u>Contract Ceiling Amount (2)</u>	<u>Fee(3)</u>	<u>Level of Effort Cumulative Hours</u>		<u>Notes</u>
		<u>From</u>	<u>To</u>				<u>Required</u>	<u>Actual</u>	
Cost Type:									
Subcontract-Clark Inc.	-	2/16/05	2/28/09	Yes	1,000,000	60,000	15,000	14,588	
N00060-95-C-0913	-	10/16/06	12/28/08	Yes	1,750,000	112,000	27,500	28,950	
Time & Material									
N00022-96-D-0111	001	7/1/06	12/31/08	Yes	25,000				

Preparation Notes:

(1) Indicate whether the contract is ready to close based on all information available. If the contract is not ready to close (e.g., a contract modification is being pursued), the reasons why should be stated in a footnote:

(2) Provide the overall contract ceiling amount before fee, for the type of contract.

(3) Provide fee amount as provided by the contract. Include details of the fee computation for all flexibly priced incentive fee and level of effort type contracts, along with the contract modification used, in a footnote.

The Audit Participants (for DOD)

DCAA (Defense Contract Audit Agency):

- ▶ Audit Incurred Cost Proposal
- ▶ Assist Audit of another contractor or subcontractor
- ▶ Provide letter from audit to DCMA

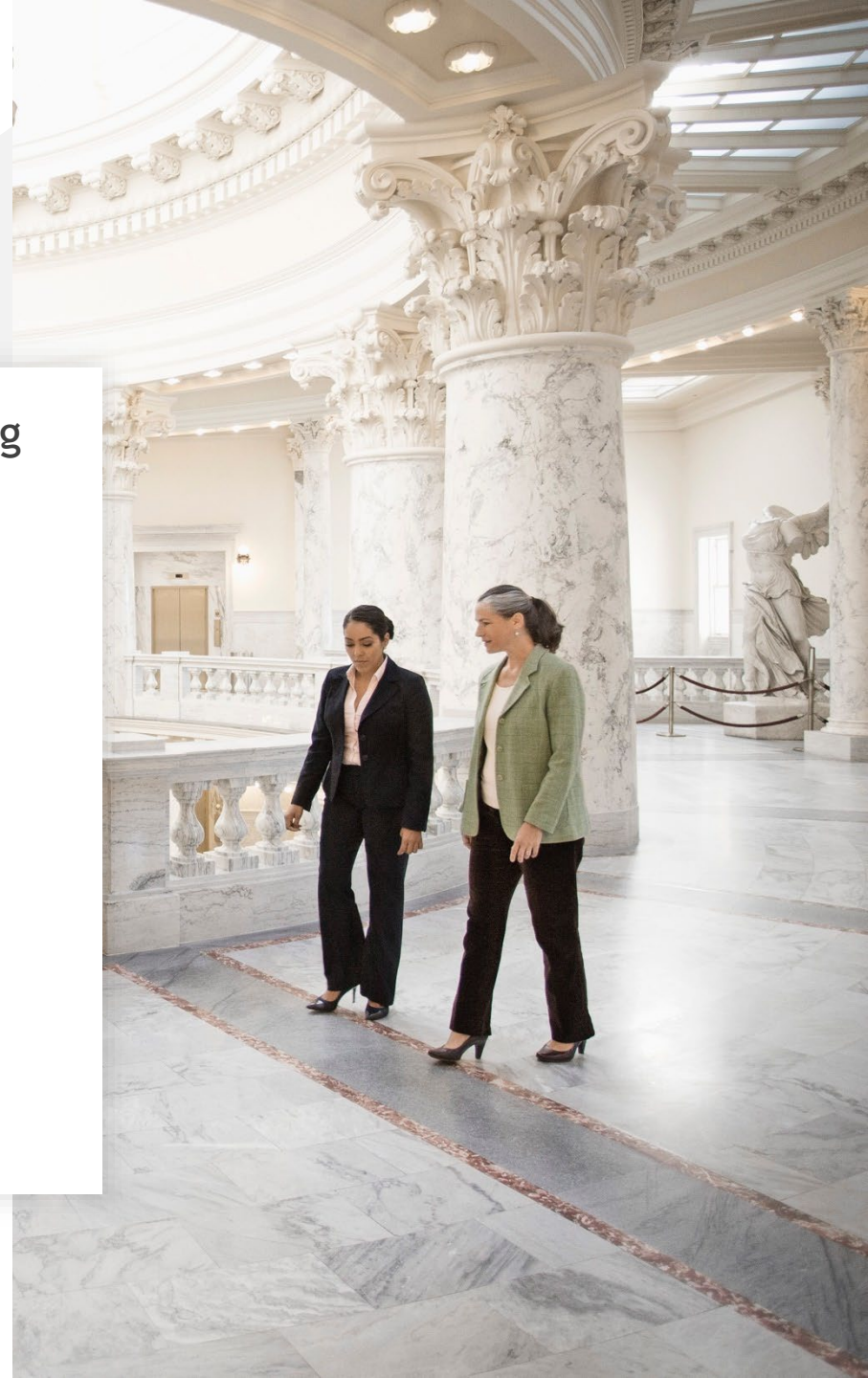
DCMA Contracting Officers (COs):

- ▶ Establish Final Indirect Cost Rates
- ▶ Disallow costs were applicable
- ▶ Make penalty assessments where applicable
- ▶ Accept rates as proposed if a contractor is deemed to be low risk and if the ICP has passed the DCAA adequacy review



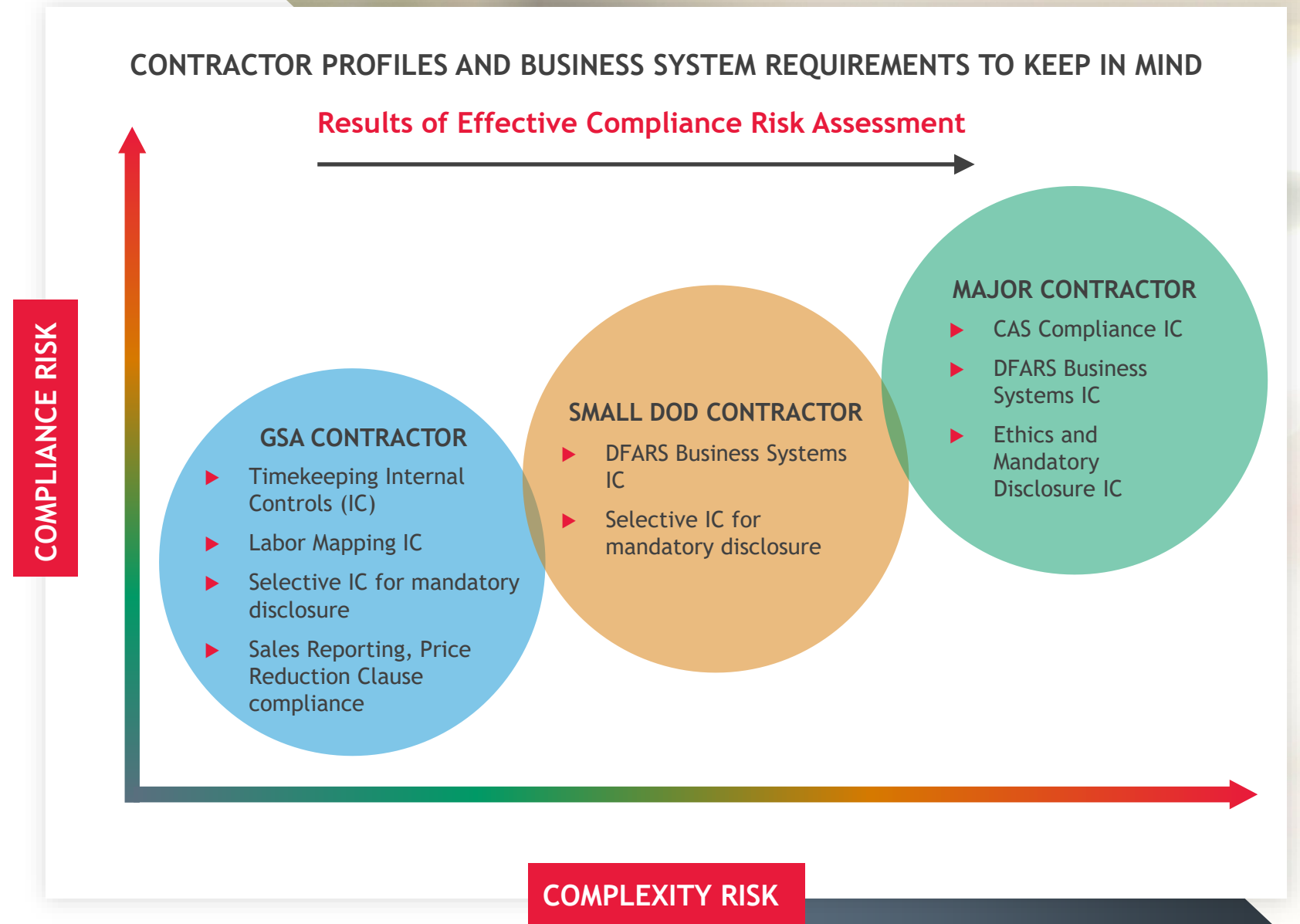
Leveraging Independent Auditors (IPAs) for DCAA Audits

- ▶ Increase in use of 3rd Party Independent Public Auditors performing DCAA type audits
- ▶ DCAA is recommended to use IPAs to meet time limits
 - High number of incurred cost audit backlog
 - Primary delay is for DCAA staff to begin audit work
 - When specialized knowledge is needed
- ▶ Other federal agencies have been utilizing IPAs
 - NASA
 - DOE



The Audit Risk

- ▶ The Level of Audit Oversight is Dependent upon:
 - Contract Type
 - FFP/T&M = Low risk, low audit risk
 - Cost Reimbursable = Higher risk, high audit risk
- ▶ Method of Procurement:
 - Commercial Item = lowest degree of audit risk
 - Competition = fewer audit requirements
 - Negotiated = increased audit oversight



Speaking the Language

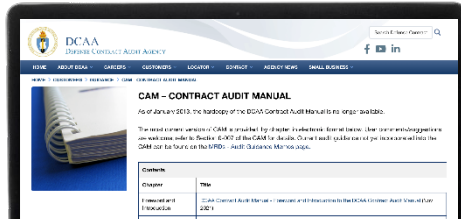
DoD:	Department of Defense	ERP:	Enterprise Resource Planning
GAGAS:	Generally Accepted Government Auditing Standards (Yellow Book)	DFARS:	Defense Federal Acquisition Regulation Supplement
CMMC:	Cybersecurity Maturity Model Certification	ICP:	Incurred Cost Proposal
CFY:	Current Fiscal Year	FAR	Federal Acquisition Regulation



KEYS TO SUCCESS:

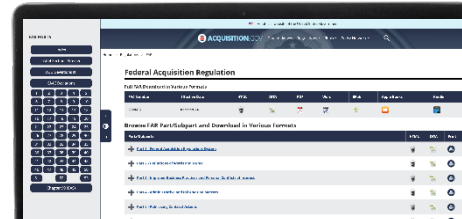
- ▶ Learn the acronyms.
- ▶ Interface with auditors before, during and after an audit.
- ▶ Insist on formal kick-off and exit audit meetings - required by GAGAS.
- ▶ Keep a log of everything provided to auditors.
- ▶ Ensure any responses to audit findings are incorporated into the Final Report.

Regulatory Guidance



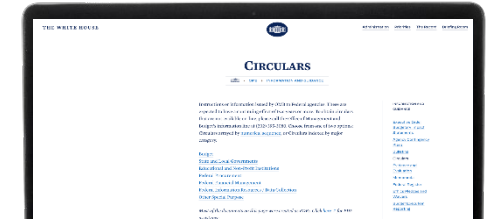
Cost Accounting Standards (CAS) ▶

- ▶ CAS 401: Consistency in Estimating, Accumulating and Reporting costs
- ▶ CAS 402: Consistency in Allocating costs Incurred for the same Purpose
- ▶ CAS 403: Allocation of Home Office Expenses
- ▶ CAS 405: Accounting for Unallowable Costs
- ▶ CAS 406: Cost Accounting Period
- ▶ CAS 410: Allocation of Business Unit G&A to Final Cost Objectives
- ▶ CAS 418: Allocation of Direct and Indirect Cost



Federal Acquisition Regulation ▶

- ▶ Subpart 2.1: Definitions
- ▶ Part 31: Contract Cost Principles and Procedures
- ▶ Subpart 42.7: Indirect Cost Rates
- ▶ 52.216-7: Allowable Cost and Payment Clause
- ▶ 52.242-3: Penalties for Unallowable Costs



OMB Circulars ▶

- ▶ OMB Circular A-87: Cost Principles for State, Local and Indian Tribal Governments
- ▶ OMB Circular A-122: Cost Principles for Non-Profit Organizations
- ▶ DCAA Cost Allowability Guidebook

Questions?



Questions?



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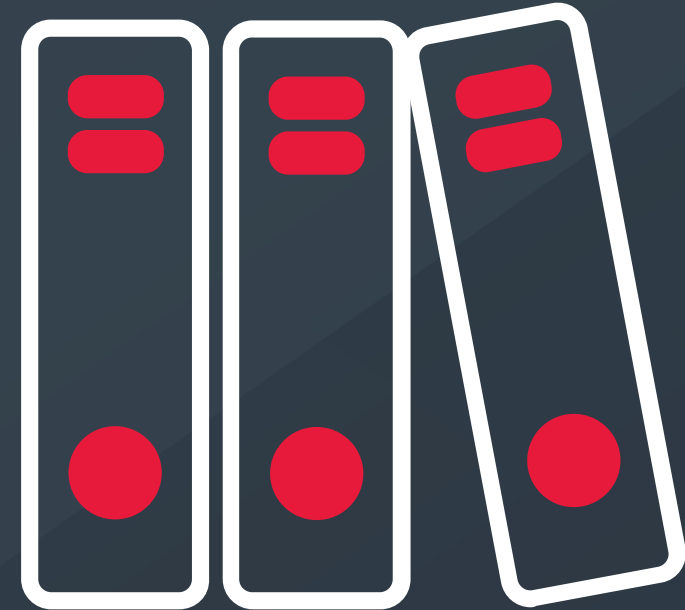
CLARKE BIRRELL
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cbirrell@bdo.com

Our BDO Government Contracting consultants have 20+ years multi-industry experience that can be leveraged to share our knowledge with you through these events and as your engagement consultant under one of our many service offerings. For more information on how we can assist you, please contact ttagle@bdo.com.

We look forward to seeing you at our next Knowledge Share event and we encourage you to send us your questions.

Appendix

Practice Overview:
BDO Government Contracting Advisory



BDO's 2024 Private Company Executive Compensation Survey

- ▶ BDO is conducting a survey of private company executive compensation levels.
- ▶ Participants will receive a complimentary results report.

Why This Survey is Important to Private Companies

- ▶ Reliable data is foundational for productive compensation discussions with the board or family members.
- ▶ Benchmarking data is critical to ensure pay levels are sufficient to attract and retain talent.
- ▶ Today's economy puts pressure on companies to make informed decisions, and Boards want data to substantiate decisions.
- ▶ There is very limited survey data focusing solely on private companies, this presents a unique opportunity to access data at no cost to you.



KEY SURVEY CONTACTS

Keolani Bradley, Senior Manager
kbradley@bdo.com | 203-905-6305

Judy Canavan, Managing Director
jcanavan@bdo.com | 215-636-5637

BDO's 2024 Private Company Executive Compensation Survey

OUR 2ND EDITION IS EVEN MORE ROBUST

COMPANIES INVITED TO PARTICIPATE

Privately Held Companies

- ▶ Family Owned
- ▶ Employee Owned (ESOP)
- ▶ Private Equity
- ▶ Venture Capital
- ▶ Mutual
- ▶ Government Contractors

Company Size & Type

- ▶ Companies of various revenues and assets sizes
- ▶ Companies across all industries

POSITIONS COVERED

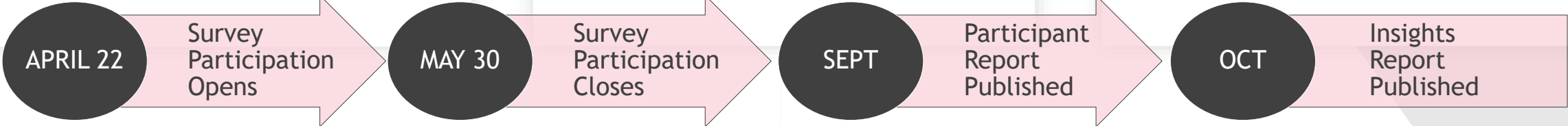
- ▶ CEO/President
- ▶ CFO
- ▶ **NEW:** COO/Top Operations
- ▶ **NEW:** Top Sales and/or Marketing

DATA COLLECTED

- ▶ Base salary and bonus/incentive
- ▶ Long-term incentives including cash plans, stock options, full value stock awards, and other LTIs
- ▶ Other compensation arrangements such as deferred compensation and capital accumulation plans
- ▶ Board practices questions
- ▶ ESOP questions

QUESTIONNAIRE & RESULTS REPORT

- ▶ The questionnaire is accessed via a link to an online survey.
- ▶ Participants complete the online survey and submit to BDO.
- ▶ The comprehensive Excel results report is provided only to participants.
- ▶ The report contains tables with results that can be filtered by various scopes: revenue/assets, ownership structure or industry.



About BDO USA

Helping people thrive, every day, is our core purpose and foundation of our business. We believe there is no limit to what we can achieve – for our clients, professionals, and communities – when we do it together.

We are cultivating a conscious and caring corporate culture that puts people at the center of everything we do. We understand we have a role in contributing to a better future through:

- ▶ [Sustainability and ESG](#)
- ▶ [Diversity, Equity, and Inclusion](#)
- ▶ [Community Engagement](#)
- ▶ [Innovation](#)

Focusing on exceptional client outcomes, we are a true business advisor that delivers insight-driven perspectives and guidance through a comprehensive array of assurance, tax, and advisory services to help you navigate challenges, uncover opportunities, and adapt to the constantly changing business environment.



FACTS AND FIGURES *

\$2.82	13.3%	860+	12,200+	75+
Billion U.S. Revenue	Increase over last year	Principals	Total Personnel	Offices

* Statistics for the year ended April 30, 2023.

Global Reach

Across the globe we work collectively toward a common goal – to help you navigate the constant evolution of today’s marketplace and provide you with exceptional client service.

EXCEPTIONAL CLIENT SERVICE—EVERYWHERE AND ALWAYS

- ▶ **Client needs:** Invest in getting to know you so we can add value and anticipate your needs through our experience, knowledge, and technical skills
- ▶ **Communication:** Clear, open, and swift; you always know who to contact
- ▶ **Commitment:** High-quality service; efficient, and timely solutions, tailored to your needs
- ▶ **People:** Professionals experienced with global business operations, leveraging long-standing relationships and integrated technologies to deliver seamless service
- ▶ **Value:** New ideas, innovative thinking, and actionable advice – an essential added value factor for your business

Everywhere you do business, now and in the future, we are here to provide seamless global service that focuses on quality and delivers long-term value.



FACTS AND FIGURES *

\$14

Billion Global Revenue

160+

Countries

1,700+

Offices

8,000+

Partners and Principals

115,600+

Total Personnel

1:11

Global Partner/Principal-to-Staff Ratio**

Dark shading indicates BDO’s locations
* Including exclusive alliance of BDO Member Firms.
Statistics for the year ended September 30, 2023.

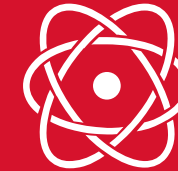
Industry Focused Leaders



OUR STRATEGIC TECHNOLOGY AND BUSINESS ADVISORY SERVICES INCLUDE:



Government Contracting



Life Sciences Specialty Services



International Development

BDO's Government Contracting Practice

BDO offers a breadth and depth of services to government contractors.

As one of the largest of its kind, our team brings the group's collective experience to bear in providing comprehensive and integrated services to help address practical business problems. Some of the many advisory services we provide to government contractors include:

Cost Accounting Standards (CAS) and Federal Acquisition Regulations (FAR) consulting

CAS disclosure statement preparation

Strategic pricing assistance, analysis of requests for proposal (RFPs) and preparation of cost proposals

Address government audits, compliance issues and contract disputes

Cost rate structure design and analysis

Incurred-cost submission reviews

Preparation and negotiation of equitable adjustment, delay, disruption and termination claims

Review of existing accounting systems for operational efficiency and compliance with the FAR and implementation of corrective measures

Analysis of indirect rate calculations and cost allocations, and creation of forward-pricing models to facilitate favorable indirect rate absorption

A modern office interior featuring a staircase with a glass railing, a reception desk with the BDO logo, and large windows overlooking a city skyline. The scene is dimly lit, suggesting an evening or dusk setting.

About BDO USA

Our purpose is helping people thrive, every day. Together, we are focused on delivering exceptional and sustainable outcomes and value for our people, our clients and our communities. BDO is proud to be an ESOP company, reflecting a culture that puts people first. BDO professionals provide assurance, tax and advisory services for a diverse range of clients across the U.S. and in over 160 countries through our global organization.

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