

PHASE I: CONTRACT FORMATION

Activity 24: Accounting and Estimating Systems

Accounting Systems

Determine the adequacy and suitability of a firm's accounting system and practices.

Request the contractor to complete the Standard Form (SF) 1408.

Determine whether to request an accounting system review.

If no,

If yes,

Take no further action.

Review the auditor's report to determine if the accounting system is in accordance with Generally Accepted Accounting Principles (GAAP).

Prepare an initial position on the adequacy of the firm's cost accounting system based on the auditor's report.

Discuss the accounting system review with the firm.

Make a finding on system adequacy.

If the system is adequate,

If the system is inadequate or adequate with exceptions,

Take no further action.

Notify the contractor of deficiencies and the accounting system review recommendations.

Take measures to protect the Government's interest when an accounting system is inadequate.

Discuss and initiate the recommended corrective action plan.

Request a follow-up audit of the accounting system.

Estimating Systems

Identify conditions that may indicate estimating system deficiencies.

Determine if an estimating system review should be requested.

If no,

If yes,

Take no further action.

Request an estimating system survey review from an auditor.

Review the results of the estimating system survey report.

Provide an initial determination of the estimating system to the contractor.

If the system is adequate,

If the system has deficiencies,

Issue a final determination.

Request a response from the contractor.

Evaluate the contractor's response.

Issue a final determination.

If the systems is adequate,

If the system has deficiencies,

Take no further action.

Request a corrective action plan from the contractor.

Take measures to protect the Government's interest.

Monitor the contractor's implementation of the corrective action plan.