

Accounting System Adequacy Certifications

(Seller completes all applicable sections of this form.)

This certifies that, to the best of my knowledge and belief, Seller’s Accounting System and related internal control systems are considered adequate based on the following:

Section I

Approved System/s Per:	Accounting	Billing	Both
DCAA audit report No. [INSERT] dated [INSERT] as evidenced by the enclosed report.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DCAA audit dated [INSERT] as approved by the enclosed DCMA letter No. [INSERT] dated [INSERT].	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other Government Agency audit dated [INSERT] as approved by the enclosed letter No. [INSERT] dated [INSERT].	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Independent audit by the CPA Firm [INSERT] on [INSERT] as attested to by their letter dated [INSERT] attached hereto as verification of our Accounting and Billing System can adequately track costs and billings in accordance with FAR Part 31 and other applicable U.S. Government regulations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If none of the above applies, complete the following evaluation checklist (Section II) for our review. [Note: If none of the above applies, Seller is highly unlikely to be eligible for award of a flexibly priced subcontract. SNC will undertake necessary steps to evaluate and mitigate the risks associated with the current status of your accounting and billing system.]

This certifies that, to the best of my knowledge and belief, Seller’s Accounting System and related internal control systems are considered adequate based on the following:

Section II

EVALUATION CHECKLIST (If “N/A” or “No” please explain in remarks section below)			
	Yes	No	N/A
1. Is the accounting system in accord with generally accepted accounting principles applicable in the circumstances?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Accounting System provides for:			
a. Proper segregation of direct costs from indirect costs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Identification and accumulation of direct costs by contract.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

c. A logical and consistent method for the allocation of indirect costs to intermediate and final cost objectives. (A contract is a final cost objective.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Accumulation of costs under general ledger control.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. A timekeeping system that identifies employees' labor by intermediate or final cost objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. A labor distribution system that charges direct and indirect labor to appropriate cost objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Interim (at least monthly) determination of costs charged to a contract through routine posting of books of account.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Exclusion from costs charged to government contracts of amounts which are not allowable in terms of FAR 31, Contract Cost Principles and Procedures, or other contract provisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Identification of costs by contract line item and by units (as if each unit or line item were a separate contract) if required by the proposed contract.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Has your accounting system been cited for any internal control weaknesses?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Segregation of preproduction costs from production costs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Accounting system provides financial information:			
a. Required by contract clauses concerning limitation of cost (FAR 52.232-20 and 21) or limitation on payments (FAR 52.216-16).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Required to support requests for progress payments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Is the accounting system designed, and are the records maintained in such manner that adequate, reliable data is developed for use in pricing follow-on Acquisitions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Is the accounting system currently in full operation? (If not, describe in the narrative which portions are (1) in operation, (2) set up, but not yet in operation, (3) anticipated, or (4) nonexistent.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Billing system allows for:			
a. Segregation and exclusion of unallowable costs as required by FAR or DFARS.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Timely notification to prime contractor of overpayments/underpayments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Segregation of incurred costs that may be non-billable because the costs may not meet specified criteria	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Adjusting submissions for final rates or indirect billing rates that differ from the billed rates.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Identifies costs that require specific approvals (special purchases, overtime authorizations, etc.).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Identifying contract overpayments, making refunds in a timely manner, and offsetting contract overpayments against contract underpayments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section III

Contact Information for cognizant Administrative Contracting Office (ACO) and Defense Contract Audit Agency (DCAA) Auditor (or other cognizant Federal Agency Official(s)):

ACO	
Name and Title	
Address	
Phone Number	
Email	

DCAA Auditor	
Name and Title	
Address	
Phone Number	
Email	

Seller Remarks:

THE UNDERSIGNED ATTESTS TO THE ACCURACY OF THE FOREGOING AND AGREES TO PROMPTLY NOTIFY SNC OF ANY CHANGES TO ITS ACCOUNTING, BILLING SYSTEM AND/OR RELATED INTERNAL CONTROL STRUCTURE THAT WOULD AFFECT ITS ABILITY TO REPORT HOURS DELIVERED ACCURATELY AND COMPLETELY, AND BILL COSTS ACCORDING TO FAR PART 31, CONTRACT COST PRINCIPLES AND PROCEDURES.

[FIRM]

[NAME]

Signature:

[TITLE]

[Contact Number]

[DATE]

THIS SECTION TO BE COMPLETED BY SNC

Section IV

SNC Buyer (and Compliance Representative) Review and/or Approval

[INSERT NAMES]

[INSERT TITLE]

[DATE]

Comments and Recommendations:

Click here to enter text.

If Section II was completed, was an audit conducted? Yes No N/A

If an audit was conducted, was a Corrective Action Plan needed and received? Yes No N/A