1. POLICY. This Immediate Policy Change (IPC) implements changes to DCMA-INSTM 123, “Cost Monitoring,” October 10, 2014.

2. PURPOSE. This IPC incorporates the recommendations of the joint DCMA/DCAA cost monitoring scope pilot project presented to the Directors at the DCMA/DCAA joint meeting.

   a. The IPC addresses coordination between DCMA and DCAA in order to eliminate duplicate work in performing the cost monitoring activities.

   b. The IPC closes a gap identified in a DoDIG audit report that requires DCMA to tailor “Requests for Audit Services” to reflect the minimum information needed to perform a cost analysis.

3. APPLICABILITY. This IPC applies to all DCMA activities.

4. NEW GUIDANCE.

   a. Update the following references to the Reference page:

      (a) DCMA-INSTM 123, “Cost Monitoring,” August 14, 2013 October 10, 2014
      (f) DCMA-INSTM 120, “Pricing and Negotiation,” April 1, 2014 March 22, 2016
      (g) DCMA-INSTM 131, “Contractor Business Systems,” November 6, 2013 December 1, 2015

   b. Change paragraph 1.1.2. to read:

      1.1.2. DCMA shall establish a CMP for all contractors whose sales to the Government, during the contractor’s next contractor fiscal year (CFY), are expected to exceed $200 million based on costs incurred or negotiated based on projected costs as outlined at DFARS/PGI 242.302(a)(S-75)(c)(1)(i)(A) (Reference (d)). The exceptions are stated in Chapter 3 of this Instruction. **Even if a CMP (a formal program of Government cost monitoring) is not established for a contractor because the contractor does not meet the requirements stated in DFARS/PGI 242.302(a)(S-75)(c)(1)(i)(Reference (d)), the ACO, based on risk assessment of the contractor, must conduct**
the applicable cost monitoring efforts to ensure the contractor’s responsible management of contract costs.

c. Change paragraph 2.5. to read:

**2.5. CONTRACT MANAGEMENT SPECIALIST COST MONITORING SPECIALIST (CMS).** CMS shall:

d. Change paragraph 3.1.1.3. to read:

3.1.1.3. The ACO may establish a CMP even if the contractor does not meet the criteria for establishment of CMP described in the paragraph 3.1.1. when there is significant volume of negotiations, customer demand, or a contractor request. **If an FPRA/FPRR is established (or planned to be established) for the contractor, a CMP must be conducted.** In determining establishment of a CMP, the ACO should consider whether the benefits to be derived from the CMP are commensurate with the effort to establish a CMP and monitor the contractor’s cost. A CMO contracts director, a CACO/DACO group team supervisor, or a DCMAS DACO supervisor shall review and approve or disapprove the ACO written determination to establish a CMP for a contractor with less than $200 million expected Government sales in the next CFY. The final approval authority resides with the region commander/director, DCMAS executive director, DCMAI commander director, or cost and pricing center director, as appropriate.

e. Add the following new paragraphs:

3.2.1.5.2.1. In preparation of a CM plan, the ACO should have discussions with DCAA about the assistance that they can provide by performing portions of the cost monitoring plan and related analyses in accordance with DFARS PGI 242.302(a)(S-75)(c)(3)(Reference (d)). After discussions and agreement on assigned portions of the plan, the ACO can tailor requests to DCAA to reflect the minimum essential supplementary information needed to conduct a technical, cost or pricing analysis in accordance with FAR 15.404-2(a)(1)(Reference (i)). The FPRP Review Checklist for FPPR/A (available on the resource page under “FPRP Review Checklist”) should be used by the ACO and/or CMS to plan the areas DCAA or DCMA will perform during the cost monitoring activities. The “agreed to” plan and timing must be included in the CM plan.

3.2.1.5.2.2. By July 1<sup>st</sup> of each year, the ACO and/or CMS must meet with DCAA to develop the planned forward pricing rate work and timing of the work to be completed by both parties. The “agreed to” plan and timing must be included in the CM plan. The coordination with DCAA should be based on the updated risk assessment of the contractor which can be obtained through continuous cost monitoring activities.

3.2.1.6.2. In the preparation of the CM plan for FPRA/FPRR development, the ACO should use the FPRP Review Checklist for FPRR/A (available on the resource page under “FPRP Review Checklist”) as a planning tool to identify the cost analysis procedures considered necessary based on the updated risk assessment described in paragraph 3.2.1.4.. The CMS and ACO should have discussions with functional specialist CM team members, and the DCAA auditors about the magnitude and complexity of the required procedures and
should assign each procedure to the responsible functional specialist team member or the DCAA auditor in accordance with DFARS PGI 242.302(a)(S-75)(c)(3) (Reference (d)) and the “agreed to” plan described in the CM plan based on the risk assessment of the contractor. The “agreed to” plan should include preliminary milestones identifying the timing required for cost analysis to be completed to support the establishment of the FPRA/FPRR.

3.2.1.6.3. The ACO/CMS must coordinate with the DCAA auditor and other functional specialist CM team members to determine the monitoring procedures DCAA or DCMA will perform during the cost monitoring process. The “agreed to” plan will be included in the CM plan. The work performed by the CMS and information submitted to DCMA by the contractor should be shared with DCAA in order to eliminate duplication in monitoring of contractor’s costs.

3.2.1.6.4. When the ACO requests an audit on individual expense account(s) of the FPRP, the ACO should communicate with DCAA about the ACO’s risk factors and concerns with the requested expense accounts and how these concerns fit into the overall coordinated plan to achieve the Government objective on Forward Pricing Rates. DCAA, however, may conclude performing procedures designed to address the risks on an individual expense account are not sufficient to support an audit opinion on the contractor’s assertion in the FPRP. If the DCAA makes a determination that an audit of the FPRP (not an audit of individual accounts) is necessary to support a significant price proposal effort, or to address significant risks with the FPRP, the ACO must request DCAA prioritize the work for the areas of specified risk and to communicate the result of work before release of the audit report. This will ensure that the ACO has the information essential in developing the Government objective and preparing for negotiations.

f. Change paragraph 3.2.4.1. to read:

3.2.4.1. The CM team is a group of functional specialists under the leadership of the ACO. The team membership shall include the ACO and a full-time CMS along with other types of support personnel as identified in the CM plan. The ACO can add other CM team members as needed to support CM activity, special reviews, or efforts performed outside of the CM team to review high-risk areas.

g. Change paragraph 3.5.2.2. to read:

3.5.2.2. A summary of each functional review and DCAA audit completed during the reporting period along with any deviations from the CM plan. The summary needs to include confirmation that the results of all functional reviews and DCAA audits have been or are being addressed.

7. RELEASABILITY – UNLIMITED. This IPC is approved for public release.

8. EFFECTIVE DATE. By order of the Director, DCMA, this IPC is effective immediately and shall remain in effect until rescinded, superseded, or incorporated in a DCMA policy, whichever is sooner.
Timothy P. Callahan  
Executive Director  
Contracts
1. **PURPOSE.** This Instruction:

   a. Updates and reissues DCMA Instruction (DCMA-INST) 123, “Cost Monitoring,” (Reference (a)).

   b. Establishes a Cost Monitoring Program (CMP) for DCMA in accordance with DoD Directive 5105.64, “Defense Contract Management Agency (DCMA)” (Reference (b)).

   c. Establishes policy, assigns roles and responsibilities, and outlines process and procedures for establishing a CMP.

2. **APPLICABILITY.** This Instruction applies to all DCMA activities unless higher-level regulations, policy, guidance, or agreements takes precedence.

3. **MANAGERS’ INTERNAL CONTROL PROGRAM.** In accordance with the DCMA-INST 710, “Managers’ Internal Control Program” (Reference (c)), this Instruction is subject to evaluation and testing. Process flow is located at the Policy Resource page of this Instruction.

4. **RELEASABILITY – UNLIMITED.** This Instruction is approved for public release.

5. **PLAS CODES.**

   a. Process:
      
      041 – Pricing and Negotiation
      043 – Forward Pricing Rate Agreements
      044 – Final Overhead Rates
      112 – Contractor Estimating System Reviews
      115 – Cost Accounting Standards (CAS) Administration

   b. National Programs: ACAT/Other Customers; Other National; Training and Travel (when applicable).

   c. Divisional/Local Programs (when applicable).
6. POLICY RESOURCE PAGE.  https://home.dcma.mil/POLICY/123r

7. EFFECTIVE DATE. By order of the Director, DCMA, this Instruction is effective October 10, 2014, and all applicable activities shall be fully compliant within 60 days from this date.

[Signature]
Timothy P. Callahan
Executive Director
Contracts
SUMMARY OF CHANGES

This Instruction has been rewritten and should be read in its entirety. The following identifies the most notable changes.

- Paragraphs 1.1.1.1. and 1.1.1.2. are moved from the Chapter 1 to the Chapter 3 since the paragraphs are procedural in nature
- The provisions in DFARS/PGI 242.302(a)(S-75) are incorporated fully into the Instruction
- The mandatory use of the historical rate data worksheet under CMP is added
- The process flowchart previously included in this policy as an appendix is moved to the resource page of this Instruction
- A section for “record retention” is added
TABLE OF CONTENTS

SUMMARY OF CHANGES........................................................................................................................................3

REFERENCES..........................................................................................................................................................5

CHAPTER 1 – POLICY

1.1 Overview .......................................................................................................................................................6

CHAPTER 2 – RESPONSIBILITIES

2.1. Region Commander/Director, Special Programs (DCMAS) Executive Director, International (DCMAI) Commander/Director, or Cost and Pricing Center Director ........7
2.2. Contract Management Office (CMO) Commander/Director, DCMAS Director of Cost /Pricing Division, Corporate/Divisional Administrative Contracting Officer (CACO/DACO) Group Director ..................................................................................................................7
2.3. CMO Contracts Director, CACO/DACO Group Team Supervisor, or DCMAS DACO Supervisor ..................................................................................................................................................8
2.4. Administrative Contracting Officer (ACO)/DACO/CACO ........................................................................8
2.5. Cost Monitoring Specialist (CMS) ..............................................................................................................9
2.6. Cost Monitoring (CM) Team Members ......................................................................................................11

CHAPTER 3 – PROCEDURES

3.1. Determine Establishment of CMP ..............................................................................................................12
3.2. Prepare CM Plan .........................................................................................................................................12
3.3. Conduct CM Activities ..............................................................................................................................18
3.4. Prepare Quarterly CM Report ................................................................................................................19
3.5. Prepare Annual CM Report .....................................................................................................................19
3.6. Retention of Records ...............................................................................................................................21

GLOSSARY

Definitions.........................................................................................................................................................23
Acronyms..........................................................................................................................................................25
REFERENCES

(a) DCMA-INST 123, “Cost Monitoring,” August 14, 2013 (hereby canceled)
(c) DCMA-INST 710, “Managers’ Internal Control Program,” April 21, 2014
(d) Defense Federal Acquisition Regulation Supplement and Procedures, Guidance, and Information (DFARS/PGI)
(e) DCMA-INST 809, “Records Management,” May 01, 2011
(f) DCMA-INST 120, “Pricing and Negotiation” April 1, 2014
(g) DCMA-INST 131, “Contractor Business Systems,” November 6, 2013
(i) Federal Acquisition Regulation (FAR)
(m) DCMA-INST 125, “Final Overhead Rates,” April 21, 2014
(n) Defense Federal Acquisition Regulation Supplement (DFARS)
(o) DCMA-ANX 213-02, “Technical Support to Indirect Costs” August 07, 2013
CHAPTER 1

POLICY

1.1. OVERVIEW.

1.1.1. Effective management of contract costs is essential to the efficient and economical performance of Government contracts. Contractors are responsible for managing and controlling their direct and indirect costs; however, DCMA must systematically monitor the management of contractors’ costs to ensure these responsibilities are met (Defense Federal Acquisition Regulation Supplement/Procedures, Guidance, and Information (DFARS/PGI) 242.302(a)(S-75)(b) (Reference (d)).

1.1.2. DCMA shall establish a CMP for all contractors whose sales to the Government, during the contractor’s next contractor fiscal year (CFY), are expected to exceed $200 million based on costs incurred or negotiated based on projected costs as outlined at DFARS/PGI 242.302(a)(S-75)(c)(1)(i)(A) (Reference (d)). The exceptions are stated in Chapter 3 of this Instruction.

1.1.3. DCMA must retain the supporting documents of the CMP in the records retention database designated by the Agency or in a location designated as the official filing location for the component. Records will be kept using a logical taxonomy for easy retrieval. DCMA-INST 809, “Records Management” (Reference (e)) contains DCMA policy for records management.

1.1.4. When conducting negotiations, the negotiator must comply with the policy and control requirement in the Instructions governing the subject of negotiation; DCMA-INST 120, “Pricing and Negotiation” (Reference (f)).

1.1.5. The executive directors, Contracts or Operations, may direct a component that does not meet the criteria of paragraph 1.1.2. to establish a CMP based on their business judgment.
CHAPTER 2
RESPONSIBILITIES

2.1. REGION COMMANDER/DIRECTOR, SPECIAL PROGRAMS (DCMAS); EXECUTIVE DIRECTOR, INTERNATIONAL (DCMAI); COMMANDER/DIRECTOR OR COST AND PRICING CENTER DIRECTOR. The appropriate commander/director shall:

2.1.1. Approve or disapprove the request to establish a CMP at a contractor location that does not meet the criteria of a CMP but a business need (e.g., significant cost/pricing activity) justifies the establishment of a CMP.

2.1.2. Approve or disapprove a CMP waiver request for a contractor location that meets the criteria for a CMP but an alternate course of action is justified (e.g., where the rates for a business unit are negotiated at another site).

2.2. CONTRACT MANAGEMENT OFFICE (CMO) COMMANDER/DIRECTOR, DCMAS DIRECTOR OF COST /PRICING DIVISION, CORPORATE/DIVISIONAL ADMINISTRATIVE CONTRACTING OFFICER (CACO/DACO) GROUP DIRECTOR. The appropriate commander/director shall:

2.2.1. Review and approve/disapprove of establishment of a CMP when contractor business conditions meet the policy criteria as specified in Chapter 1 of this Instruction.

2.2.2. Provide resources to support a CMP with a cost monitoring (CM) team as specified in Section 3.2 of this Instruction.

2.2.3. Submit a request to the region commander/director, DCMAS executive director, DCMAI commander/director, cost and pricing center director, as appropriate, to establish a CMP when contractor business conditions do not meet the policy criteria as specified in the paragraph 3.1.1.1.

2.2.4. Submit a request to the region commander/director, DCMAS executive director, DCMAI commander/director, cost and pricing center director, as appropriate, for a waiver to the CMP requirement because an alternate course of action is justified (e.g., where the rates for a business unit are negotiated at another site) as specified in the paragraph 3.1.1.2.

2.2.5. Review and approve the annual CM report.

2.2.6. Establish delegation authority for approval of quarterly CM reports. This delegation does not apply to approval of the annual CM report.
2.3. CMO CONTRACTS DIRECTOR, CACO/DACO GROUP TEAM SUPERVISOR OR DCMAS DACO SUPERVISOR. The appropriate manager shall:

2.3.1. In coordination with the CMO commander/director, DCMAS director of cost/pricing division, or CACO/DACO group director, provides resources to support a CM team as specified in Section 3.2.

2.3.2. Review and approve the annual CM plan.

2.3.3. Review and approve the annual CM report and send a copy of the approved annual CM report to the cognizant Defense Contract Audit Agency (DCAA) office.

2.3.4. Review and concur with business documents as required by specific Instructions relating to reviews such as DCMA-INST 131, “Contractor Business Systems” (Reference (g)).

2.3.5. Ensure that Boards of Review (BoR) are properly requested in accordance with DCMA-INST 134, “Boards of Review” (Reference (h)) when required in conjunction with the various CM efforts.

2.3.6. Ensure Contract Business Analysis Repository (CBAR) is current and any changes are entered immediately into the CBAR eTool.

2.4. ADMINISTRATIVE CONTRACTING OFFICER (ACO)/DACO/CACO (hereafter ACO). The ACO shall:

2.4.1. In the absence of a cost monitoring specialist (CMS), ensure completion of CMS duties referenced in paragraph 2.5; DFARS/PGI 242.302(a)(S-75)(c)(2)(ii)(A)) (Reference (d)).

2.4.2. Consider review results in direct and indirect rate negotiations and contract negotiations; DFARS/PGI 242.302(a)(S-75)(c)(2)(ii)(B)) (Reference (d)).

2.4.3. Ensure the contractor implements corrective action recommended in the CM review reports; DFARS/PGI 242.302(a)(S-75)(c)(2)(ii)(C)) (Reference (d)).

2.4.4. Resolve disputes with the contractor regarding CM review findings, conclusions, or recommendations; DFARS/PGI 242.302(a)(S-75)(c)(2)(ii)(D)) (Reference (d)).

2.4.5. Obtain contractor points of contact for the CM team members concerning the CM plan.

2.4.6. Submit the annual CM plan, annual CM report, and quarterly CM reports to the CMO contracts director, DCMAS DACO supervisor, or CACO/DACO group team supervisor through CACO, if applicable, for review and approval.
2.5. CONTRACT MANAGEMENT SPECIALIST (CMS). CMS shall:

2.5.1. Act as ACO’s delegated representative to develop the annual CM plan including the risk assessment, ensure progress toward completion of the CM plan, and prepare the quarterly and annual CM reports.

2.5.1.1. Prepare and maintain an annual written CM plan for reviewing contractor operations.

2.5.1.2. Submit the annual CMP to the ACO for review.

2.5.1.3. Submit the quarterly CM reports and the annual CM report to the ACO for review.

2.5.2. Assist the ACO in the following areas:

2.5.2.1. Establishing a CM team in accordance with the criteria set forth in paragraph 3.2. of this Instruction.

2.5.2.2. Maintain an inventory of planned and completed CM team assignments, DCAA audits, and other Government reviews and audits in order to mitigate duplication of efforts.

2.5.2.3. Advise the ACO on advance agreements (FAR 31.109 (Reference (i))) and participate in should-cost reviews (FAR 15.407-4 (Reference (i))).

2.5.2.4. Monitor performance of actions identified in the CM plan.

2.5.2.5. Keep the customer advised on the status of contractor business systems, forward pricing rate agreement /forward pricing rate recommendations (FPRA/FPRR) and final overhead rates, Cost Accounting Standards (CAS) issues, and other pertinent information that could potentially impact the negotiation of a pricing action.

2.5.3. Participate in and support business system reviews conducted by DCMA functional specialists (DCMA-INST 13 (Reference (g))). Compile current weaknesses and deficiencies in the contractor’s business systems as identified in recent audits and reviews. The CMS, in coordination with other DCMA functional specialists, shall monitor corrective action plans until corrections are completed.

2.5.4. Monitor contractor direct and indirect rates and factors during the year, make comparisons to historical actual costs and to forward pricing rate proposal (FPRP) and FPRA/FPRR, and provide rate recommendations based on the analyses as stated in chapter 3 of this Instruction. At a minimum, the CMS shall use the historical rate worksheet available on the resource page to track the trend.

2.5.4.1. The CMS shall perform an in-depth analysis of the contractor’s FPRP in accordance with the requirements set forth in the DCMA-INST 130, “Forward Pricing Rates”
(Reference (j)). The CMS shall validate the contractor’s proposed business base is consistent with customer projections of future contract business. The CMS should contact significant buying activities, major program offices, and customer liaison representatives for assistance in projecting future contract business.

2.5.4.2. Test the validity of the FPRA/FPRR on a periodic basis but not less than quarterly. This testing will include a review of any changes to the assumptions used for the out-year rates (bases and pools) as well as the current-year rates. Check each FPRA/FPRR to see if it provides for frequency of review and revision and verify that any required frequency of review and revision is being complied with.

2.5.5. Request additional support from other functional elements that have the required expertise in the data (e.g., Earned Value Specialist, Technical Specialist) when variances in data are identified that are not understood by, or cannot be analyzed by, the members of the CM team.

2.5.6. Develop and maintain cost models or obtain access to existing cost models that assess the cost impact on contracts as a result of changes in direct or indirect rates. At a minimum, a cost model shall be established for all Acquisition Category I (ACAT 1) program flexibly priced contracts. The model shall compare the total cost of the contract as originally established, using the rates in effect at the time of contract definitization, versus the total cost using current rates. The definitized value of the direct elements of cost will remain unchanged in order to isolate the impact of the rate changes. Other sources for cost models can be used to support this requirement such as Earned Value Management System or program office models if they can provide a comparison of the total cost of the contract as originally established, using the rates in effect at the time of contract definitization, versus the total cost using current rates.

2.5.7. Maintain files supporting CM by year, to include the CM plan and the quarterly and annual CM reports, in accordance with DCMA-INST 809 (Reference (e)). Classified files shall be maintained in accredited safes and handled in accordance with DoD and program security guidelines. Files should include documents that support CM reviews to include cited conditions, causes and effects, the analyst’s conclusions and all contractor correspondence. Additionally, the CMS should maintain a file for FPRA reviews, FPRA negotiations including a record of all FPRAs (current and historical), FPRRs (current and historical), and final overhead rates. The file shall include all historical and currently forecasted direct and indirect rates, pools, and bases. Additionally, the file shall include all actual rates, pools, and bases after closeout of the contractor’s fiscal year. Further, the files shall contain historical and projected headcount information identified as direct, indirect, and total headcount. If a file does not exist currently at a contractor’s location, the CMS will collect data for the last 5 years, as available, and create a record. The CMS will update and continually maintain the file that will be kept in a record retention location designated by the CMO or the cost and pricing center.

2.5.8. Advise the ACO and CMO management of corrective actions recommended to improve inefficient or uneconomical contractor conditions, policies, or practices, including but not limited to the ACO’s consideration of a Notice of Intent to Disallow Costs; FAR 42.801, Reference (i) and DCMA-INST 128, “Disallowance of Costs” (Reference (k)).
2.5.9. Update any changed information to the CBAR elements immediately in the CBAR eTool.

2.5.10. Perform approved functional reviews of contractor activities, to include assisting Government personnel in obtaining access to pertinent contractor policies, procedures, and related data.

2.5.11. Continuously track the status of recommendations made to the contractor concerning cost performance stemming from all Government reports.

2.5.12. Keep the contracting officer, program manager, contract auditor, and other responsible officials informed of issues affecting economical contract performance.

2.5.13. Maintain current organizational charts of the operations identifiable to the contractor’s functional centers of its cost control functions.

2.6. COST MONITORING (CM) TEAM MEMBERS. The CM team members, in coordination with the ACO and CMS, shall:

2.6.1. Review memorandums, audits, and functional reports performed on the contractor’s operations in the past 3 years, prepare a list of weaknesses and deficiencies that have not been corrected, and prioritize the issues to be resolved. This list will support the risk assessment to be addressed in the CM plan.

2.6.2. Submit additional problem statements for consideration to be incorporated into the CM plan.

2.6.3. Prepare reports on labor hours, direct material, labor rates, other direct costs, and estimating factors in support of FPRA/FPRR development and ongoing surveillance.

2.6.4. Prepare reports on individual projects assigned to them for review.

2.6.5. Prepare a quarterly report to CMS on the status of assigned projects and supplement the quarterly CM reports with the status of any newly assigned reports. It should identify completed projects, on time projects, delayed projects, and resolution of any documented findings.
CHAPTER 3

PROCEDURES

3.1. DETERMINE ESTABLISHMENT OF CMP.

3.1.1. Based on an assessment of contractor sales volume, the ACO shall determine whether a CMP needs to be established.

3.1.1.1. The ACO shall establish a CMP for all contractors whose sales to the Government, during the next CFY, are expected to exceed $200 million. Sales to the Government during the contractor’s next fiscal year are determined by the ACO in consideration of (1) contracts based on costs incurred, or (2) contracts negotiated based on projected costs; DFARS/PGI 242.302(a)(s-75)(c)(1)(i)(A)) (Reference (d)).

3.1.1.2. The ACO may not establish a CMP where the ACO makes a written determination that the contractor will not have a significant volume of Government contract proposals in future periods. A CMO contracts director, a CACO/DACO group supervisor, or a DCMAS DACO supervisor shall review and approve or disapprove the ACO written determination not to establish a CMP for a contractor with more than $200 million expected Government sales in the next fiscal year as defined in the paragraph 3.1.1.1. and DFARS/PGI 242.302(a)(s-75)(c)(1)(i)(A) (Reference (d)). The final approval authority resides with the region commander/director, DCMAS executive director, DCMAI commander/director, or cost and pricing center director, as appropriate.

3.1.1.3. The ACO may establish a CMP even if the contractor does not meet the criteria for establishment of CMP described in the paragraph 3.1.1.1. when there is significant volume of negotiations, customer demand, or a contractor request. In determining establishment of a CMP, the ACO should consider whether the benefits to be derived from the CMP are commensurate with the effort to establish a CMP and monitor the contractor’s cost. A CMO contracts director, a CACO/DACO group team supervisor, or a DCMAS DACO supervisor shall review and approve or disapprove the ACO written determination to establish a CMP for a contractor with less than $200 million expected Government sales in the next CFY. The final approval authority resides with the region commander/director, DCMAS executive director, DCMAI commander director, or cost and pricing center director, as appropriate.

3.1.2. A determination that meets the criteria of paragraphs 3.1.1.2. or 3.1.1.3. shall be documented in a memorandum and stored, in accordance with DCMA-INST 809 (Reference (e)), in either Electronic Document Workflow (EDW), an Agency-approved alternative, or if neither is available, in a location designated by a CMO contracts director, a CACO/DACO group supervisor, or a DCMAS DACO supervisor.

3.2. PREPARE CM PLAN.

3.2.1. Develop CM Plan. Once the ACO determines establishment of the CMP for a contractor, a CMS with the assistance of the functional specialist shall develop the CM plan...
annually. The CM plan is a strategy for monitoring, reviewing, negotiating, and approving contractor’s direct and indirect rates, business systems, corrective actions to deficient processes, and cost controls by coordinating the capabilities of DCMA, DCAA, and other Government representatives in an effort to reduce unreasonable, erroneous, or improper costs to Government contracts; DFARS/PGI 242.302(a)(S-75)(d)(1)) (Reference (d)).

3.2.1.1. To ensure proper monitoring and effectiveness, the CM plan should, in accordance with DFARS/PGI 242.302(a)(S-75)(d)(2) (Reference (d)):

3.2.1.1.1. Provide coverage for each significant activity of the contractor over a period of 5 to 10 years.

3.2.1.1.2. Provide coverage for contractor future years dependent on the period of forward pricing years the contractor proposes and the expected length of executed Government programs.

3.2.1.1.3. Be updated to reflect changed conditions as the year progresses.

3.2.1.1.4. Be consistent with the approved schedule, and any deviations should be explained in the final CM report.

3.2.1.2. The CM plan must identify the organizations having the primary responsibility for performing the reviews per DFARS/PGI 242.302(a)(S-75)(d)(2)(ii) (Reference (d)). The CM identifies: 1) the functional support required from inside or outside activities; 2) the functional lead and supporting resources for each review area; and 3) the organizations having the primary responsibility for performing the review.

3.2.1.3. The functional review responsibilities will be determined during the coordination phase of the CM plan except when DFARS makes a specific organizational assignment. For example, DFARS 244.301 makes the ACO responsible for leading contractor purchasing system reviews and DFARS 215.407-5-70(c)(3) makes the DCAA auditor responsible for leading estimating system reviews on behalf of the ACO; DFARS/PGI 242.302(a)(S-75)(d)(2)(iii)) (Reference (d)).

3.2.1.4. Risk Assessment. It is critical to perform risk assessment of the contractor’s operations and resulting costs during the CM planning phase. The planning phase directs resource allocation in the most effective manner to mitigate the Government risk and to result in the largest returns. During the risk assessment, the CMS shall consider and document the following elements in CM plan:

3.2.1.4.1. A description of the corporate structure and the relationship of the business unit to legal entities to which it reports and entities that report to it.

3.2.1.4.2. A summary of the business unit’s major products and customers in the context of the larger corporation.
3.2.1.4.3. An organization chart for the business unit’s top management.

3.2.1.4.4. The history of sales and projected sales pertaining to each major U.S. Government customer and the percentage of fixed price versus flexibly priced work.

3.2.1.4.5. A narrative summary of significant issues for each year (i.e., accounting changes, major contract awards, mergers, strikes, and major economic changes).

3.2.1.4.6. Any information unique to the contractor that would be important to know prior to award of a contract.

3.2.1.5. Functional Specialist Reviews. The CM plan requires participation of the functional specialists for all CM phases.

3.2.1.5.1. In October of each year with the due date on November 1st, the CMS requests input from the functional specialists in order to determine potential high and moderate risk areas. The CMS must prioritize functional reviews based on the significance of the issues and materiality impact on the contractor’s operations as identified in the risk assessment.

3.2.1.5.2. The CMS shall document the coordination with DCAA for planned activities to preclude the duplication of effort.

3.2.1.5.3. The CMS should document each planned functional review using the information memorandum format and address the following:

- Objective
- Problem statement
- Background
- Names of personnel assigned to lead and support the review
- Planned start date, duration, and completion date

3.2.1.6. FPRA/FPRR Development. The CM plan shall include a strategy for developing, negotiating, and monitoring of estimated costs or rates such as indirect overhead rate expense pools, bases, direct labor pools, and other rates and factors.

3.2.1.6.1. The CM plan shall require a test of the validity of the current FPRA/FPRR on a periodic basis but not less than quarterly. The CMS shall identify significant high dollar/volume or sensitive item indicators for tracking and compare the actual costs with the estimated costs by significant overhead cost elements. The CMS shall also identify significant business base and pool estimates for out-year rates (typically years 3 to 5) and evaluate all current information that may have an impact on the out-year estimates, such as new contracts or cancelled contracts and their impact on the out-year base estimates (OUSD(AT&L) Memorandum, Reference (l)). The CMS shall use variance analyses to explain the differences between actual and estimated costs and address any significant variance to the contractor. The CMS and the contractor should develop thresholds for significant variances. In the absence of agreement with the contractor to identify the impact due to rate changes, the CMS may consider
using before and after wrap rates also called fully burdened labor rate, which include the contractor’s direct labor wage rate, overhead costs rate and other costs rate. If the contractor fails to take timely corrective action for any unjustified variances, the CMS shall recommend that the ACO cancel the FPRA/FPRR, modify the FPRA/R in part, or establish a new FPRA/FPRR.

3.2.1.7. **Final Overhead Rates Settlement.** The CM plan shall list the contractor final overhead rates to be settled during the period (DCMA-INST 125, “Final Overhead Rates, Reference (m)).

3.2.1.8. **Rate Monitoring Strategy.** The CM plan shall identify the rate monitoring activities that will be performed on a routine basis during the next reporting period.

3.2.1.9. **Contractor Business Systems.** The CM plan shall include the status of contractor business systems under the ACO’s cognizance. For all contractor business systems that have not been evaluated within the past 3 years, the CM plan shall include a strategy for performing current reviews and pursuing the process for approving or disapproving the systems in accordance with DFARS 242.70 (Reference (n)) and the DCMA-INST 131 (Reference (g)). This strategy should be coordinated with DCAA because contractor business systems are normally audited by DCAA (accounting system, estimating system, and material management and accounting system). The strategy should also be coordinated with appropriate DCMA specialists for the three remaining contractor business systems: earned value management system, purchasing system, and property management system.

3.2.1.10. **Cost Accounting Standards (CAS).** The CM plan shall include the status of contractor’s current disclosure statement as well as any non-compliance with the CAS or the contractor’s disclosed practices. Also, the CM plan shall include a strategy for resolving any open issues with CAS, such as obtaining and resolving cost impact statements, and making final determinations on non-compliances with CAS or disclosed practices.

3.2.1.11. **Independent Research and Development/Bid and Proposal (IR&D/B&P).** The CMS shall conduct a separate review in conjunction with the FPRP review to determine whether proposed IR&D/B&P costs are limited to those for projects that are of potential interest to DoD, including activities stated in DFARS 231.205-18(c) (Reference (n)). The CMS shall also provide the ACO with any relevant information as to whether the contractor complied with the DFARS 231.205-18(c)(iii)(C) (Reference (n)) requirement to report certain IR&D costs to Defense Technical Information Center (DTIC). For a contractor’s annual IR&D costs to be allowable, the IR&D projects generating the costs must be reported to DTIC. If the CMS determines that the technical support is necessary, the request for technical support shall be made in accordance with DCMA-ANX 213-02, “Technical Support to Indirect Costs” (Reference (o)).

3.2.1.12. **Advance Agreements.** In accordance with FAR 31.109 “Advance agreements” (Reference (i)), the CMS shall review the strategy, purpose, and intended outcome for entering into, amending or monitoring advance agreement(s) during the reporting period.
3.2.1.13. **Contractor Cost Reduction or Savings Initiatives.** The CMS shall review the contractor’s strategy for influencing and monitoring cost reductions or savings initiatives to ensure that associated cost reductions or savings are included in the forward pricing rates.

3.2.2. **Selecting CM Activities.** The CMS selects the activities for the CM plan in consultation with the ACO. To ensure all Government interests are considered in the selection, the CMS should invite ACOs, DCAA, and other interested Government representatives to a meeting before the beginning of each Government fiscal year to identify and prioritize the areas to be reviewed during the coming year, to ensure a fully communicated Government CM plan. The CMS should consider the following data and assign primary responsibilities in the selection process in accordance with DFARS/PGI 242.302(a)(S-75)(d)(3)(ii) (Reference (d)):

3.2.2.1. Contractor forecasts for the coming years supporting direct and indirect costs by functional centers of its cost control system and the results of the latest survey performed of such systems.

3.2.2.2. Organizational charts for the contractor’s entire operation.

3.2.2.3. Outline of the contractor’s accounting system showing the flow of costs by function.

3.2.2.4. Determination of Government participation in the dollars attributable to the operations and cost accounts under consideration.

3.2.2.5. List of recent reviews and/or audits performed by DCMA, DCAA, and other Government representatives; list should show outstanding weakness and deficiencies in the contractor’s operations that will be considered for follow-up reviews or audits.

3.2.2.6. Evidence of contractor under or over staffing.

3.2.2.7. Significant departures from established contractor productivity standards.

3.2.2.8. Major financial variances from forecasts in prior years.

3.2.2.9. Evidences of idle or under-used capacity.

3.2.2.10. Any visits or audit plans scheduled by other Government organizations and identified to the CMS.

3.2.2.11. Any other significant information or business changes which could have an adverse effect or cause a significant change to on the contractor’s management of contract costs.

3.2.3. **Prioritizing CM plan.** The CMS should prioritize the CM plan, based on a risk analysis, to review the contractor activity by considering; DFARS/PGI 242.302(a)(S-75)(d)(4)(i)) (Reference (d)):
3.2.3.1. The extent of competition in awarded contracts.

3.2.3.2. The contractor’s operating methods.

3.2.3.3. The nature of the work.

3.2.3.4. Acquisition cycle stage.

3.2.3.5. Business and industry practices.

3.2.3.6. Types of contracts involved.

3.2.3.7. Degree of technical and financial risk.

3.2.3.8. Previously reported findings and deficiencies.

3.2.3.9. Ratio of Government/commercial work.

3.2.3.10. Significant changes in the level (dollars) of the contractor’s work and backlog.

3.2.3.11. The extent performance efficiencies have been previously demonstrated.

3.2.4. Establish CM Team. The ACO shall establish a CM team based on the approved CM plan and staffing resources approved by the CMO commander/director, the CACO/DACO group director, or DCMAS director of cost/pricing division.

3.2.4.1. The CM team is a group of functional specialists under the leadership of the ACO. The team membership shall include the ACO and a full-time CMS along with other types of support personnel as identified in the CM plan. The ACO can add other CM team members as needed to support CM activity, special reviews, or efforts performed outside of the CM team to review high-risk areas.

3.2.4.2. The CMS may invite the contractor to CM key functions and activities.

3.2.5. Submission and approval/disapproval of CM plan.

3.2.5.1. The CMS shall submit the CM plan to the ACO for review no later than October 22nd.

3.2.5.2. The ACO shall submit the CM plan to the CMO contracts director, DCMAS DACO supervisor, or CACO/DACO group team supervisor through the CACO, if applicable, for review and approval no later than November 1st.

3.2.5.3. The CMO commander/director, the CACO/DACO group director of cost/pricing center or DCMAS director of cost/pricing division shall approve or disapprove the CM plan within 15 calendar days of the submission, but not later than November 16th.
3.2.6. **CM Plan Template.** The resource page of this Instruction contains a link to an annual CM plan template to assist in the preparation of the annual CM plan.

3.3. **CONDUCT CM ACTIVITIES.**

3.3.1. **Review and Analysis Responsibilities.** The CM team shall conduct the CM in accordance with the CM plan and the processes outlined in the Instructions that govern the specific review areas; DFARS/PGI 242.302(a)(S-75)(d)(6)) (Reference (d)).

3.3.1.1. The functional specialist and DCAA auditor perform functional reviews and audits as scheduled in accordance with the CM plan.

3.3.1.2. The ACO holds interim meetings with the contractor as necessary to clarify information and an exit conference at the conclusion of reviews.

3.3.1.3. The CMS prepares reports at the conclusion of reviews and the ACO determines whether a Government review or audit report will be provided to a contractor based on specific regulatory requirements or the impact to pending negotiations or litigation. The ACO should confer with legal counsel if there are questions concerning release.

3.3.1.4. The CMS prepares reports on the results of the CMS analysis and monitoring of the contractor’s current and out-year rates and factors, which should address the causes for significant deviations from historical and negotiated forward pricing rates and factors.

3.3.1.5. The CMS shall utilize the historical rate data worksheet to record the changes in elements affecting forward pricing rates; DCMA Memorandum #14-182, “Contractor Business Analysis Repository (CBAR) Templates” (Reference (p)). The template worksheet is loaded in the resource page of this Instruction. The worksheet shall be loaded in CBAR and kept current reflecting changes of pool, base, actual rates, labor headcounts, etc. If the CMS cannot use the worksheet because the contractor’s rate structure is completely different from usual contractors’ rate structure, the CMS may develop or change the format of the workbook. The change of format or development of a new format shall be approved by the CMO contracts director, DCMAS DACO supervisor, or CACO/DACO group team supervisor. When disclosure to the public of data in the worksheet would reasonably be expected to cause a foreseeable harm to an interest protected by one or more provisions of the Freedom of Information Act, a protective marking – “For Official Use Only” (FOUO) – should be applied to the worksheet.

3.3.2. The CMO contracts director, DCMAS DACO supervisor, or CACO/DACO group team supervisor will ensure that the CM activities are executed properly as planned. If the CM involves approval process as BoR require, refer to the specific Instruction delineating policy for the performed activity and DCMA-INST 134 (Reference (h)), for further guidance.

3.3.3. The CMO contracts director, DCMAS DACO supervisor, or CACO/DACO group team supervisor must review and approve/disapprove any amendments or deviations to the CM plan.
3.4. PREPARE QUARTERLY CM REPORT.

3.4.1. The quarterly CM report is a culmination of the Government activities performed during the preceding quarter in an effort to conduct and maintain a formal monitoring program of contractor policies, procedures, and practices for controlling costs charged to Government contracts and continued preparation toward the annual CM report.

3.4.2. The quarterly CM report must be in the same format as the annual CM report. The quarterly CM report must be cumulative from the first quarter leading to the final annual CM report. If the contractor’s fiscal year is not the same as the Government’s fiscal year, the CMO contracts director, DCMAS DACO supervisor, or CACO/DACO group team supervisor, may require the quarterly report in line with the end of the contractor’s fiscal year prepared with the same detail as an annual CM report.

3.4.3. Submission and approval of quarterly CM report.

3.4.3.1. The CMS will prepare the quarterly CM report and submit it to the ACO review no later than 10 calendar days after the end of the quarter.

3.4.3.2. The approval process for quarterly CM reports is at the discretion of the CMO commander/director, DCMAS director of cost/pricing division, or CACO/DACO group director. The approval process can be delegated to the CMO Contracts director, DCMAS DACO Supervisor, or CACO/DACO group team supervisor. The approval/disapproval of quarterly CM report must occur within 21 calendar days after the end of the quarter.

3.4.3.3. A quarterly CM report is not required for the fourth quarter of the government’s fiscal year.

3.4.4. The resource page of this Instruction contains a link to an annual CM report template to assist in preparation of the quarterly CM report.

3.5. PREPARE ANNUAL CM REPORT.

3.5.1. The annual CM report is a culmination of the Government activities performed during the fiscal year in an effort to conduct and maintain a formal monitoring program of contractor policies, procedures, and practices for controlling costs charged to Government contracts; (DFARS/PGI 242.302(a)(S-75)(e)(1)) (Reference (d)).

3.5.2. Contents of the Report. The annual CM report should include (DFARS/PGI 242.302(a)(S-75)(e)(2))(Reference (d)):

3.5.2.1. A brief introduction of the contractor and the products and/or services it provides to the Government.
3.5.2.2. A summary of each functional review and audit completed during the reporting period along with any deviations from the CM plan.

3.5.2.3. Details of functional reviews that were not completed during the reporting period and justification as to why they were not completed.

3.5.2.4. Highlights of open deficiencies, corrected deficiencies, and any newly reported deficiencies.

3.5.2.5. The current status of all final, billing, and forward pricing rates.

3.5.2.6. Summary and reference of DCAA audit reports related to CM activities.

3.5.2.7. Details of all FPRAs and FPRRs made during the period and any significant impediments to rate negotiation. The CMS shall identify significant business base and pool estimates for out-year rates (typically years 3 to 5) and evaluate all current information that may have an impact on the out-year estimates (OUSD(AT&L) Memorandum, Reference (l)).

3.5.2.8. Details of all advance agreements signed, modified, or canceled during the period; FAR 31.109 (Reference (i)).

3.5.2.9. A list of CFY overhead rates settled during the period and any significant issues.

3.5.2.10. All attempts to incorporate cost reduction or savings activities into the FPRA/FPRR and the impact of the activity on rates and factors.

3.5.2.11. Any significant impacts to ACAT I programs during the reporting period based on the rate monitoring activities and functional reviews.

3.5.2.12. The current status of each business system and whether it is approved or disapproved and the last time it was audited or reviewed.

3.5.2.13. The current status of CAS disclosure statement audits and any open issues relating to the CAS.

3.5.2.14. The results of the IR&D and B&P review for the reporting period.

3.5.3. Submission and approval of annual CM report. (DFARS/PGI 242.302 (a) (S-75)(e)(3)) (Reference (d)):

3.5.3.1. The CMS shall submit the annual CM report to the ACO for review no later than October 31st.

3.5.3.2. The ACO shall submit the annual CM report to the CMO contracts director, DCMAS DACO supervisor, or CACO/DACO group team supervisor through the
CACO if applicable, for review and approval/disapproval of the annual CM report no later than November 10th.

3.5.3.3. The CMO commander/director, the CACO/DACO group director of cost and pricing center or DACO supervisor of DCMAS shall approve or disapprove the annual CM report no later than November 29th and provide a copy of the approved annual CM report to the cognizant DCAA office within 15 calendar days of approval.

3.5.4. The resource page of this Instruction contains a link to an annual CM report template to assist in the preparation of the annual CM report.

3.6. RETENTION OF RECORDS.

3.6.1. The ACO shall review DCMA’s policies and procedures regarding the requirement to establish files of all contractual records as they relate to the CMP; FAR 4.801(a)) (Reference (i)). According to the DCMA Records Schedule linked in DCMA INST-809 (Reference (e)), the records related to implementation of price/cost and financial analysis, and contractor systems reviews shall be retained for a minimum of 6 years and 3 months after completion of the contract, final payment, termination of the program effort, or settlement of disputes/incidents, whichever is the latest. Retention of the file documentation is the responsibility of the ACO.

3.6.2. DCMA INST-809 (Reference (e)) provides an orderly system for organizing records for filing and eventual disposition. The ACO is responsible for complying with the records management requirements. The work product shall be stored using a naming convention that will allow for its logical retrieval and shall be stored in a specific location identified by the component or in accordance with Agency direction. If the records are too large to upload electronically, the uploaded record will cite a specific location where the hard copy documents/disk will be stored. It will be a location sanctioned by the component for the retention of records conforming to DCMA policy on retention of records. EDW application or an Agency directed replacement is the preferred location.

3.6.3. A CMO commander/director, the CACO/DACO group director of cost and pricing center or DACO supervisor of DCMAS shall establish files containing the records of all CM actions in accordance with FAR 4.801(a) (Reference (i)). File documentation shall constitute a complete history of the transaction in accordance with FAR 4.801(b) (Reference (i)):

3.6.3.1. Provide a complete background as a basis for informed decisions at each step in the analysis process.

3.6.3.2. Support actions taken.

3.6.3.3. Provide information for reviews and investigations.

3.6.3.4. Furnish essential facts in the event of litigation or congressional inquiries.
3.6.4. The examples of the records normally contained, if applicable, in contract files are listed in FAR 4.803 (Reference (i)).
GLOSSARY

DEFINITIONS

Administrative Contracting Officer (ACO). ACO refers to a contracting officer who is administering contracts. “termination contracting officer (TCO)” refers to a contracting officer who is settling terminated contracts. A single contracting officer may be responsible for duties in any or all of these areas. ACO or TCO does not (1) require that a duty be performed at a particular office or activity, or (2) restrict in any way a contracting officer in the performance of any duty properly assigned (FAR 2.101)(Reference (i)).

Cost Objective. Cost objective means a function, organizational subdivision, contract, or other work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capitalized projects, etc. (FAR 31.001) (Reference (i)).

Direct Cost. Direct cost means any cost that is identified specifically with a particular final cost objective. Direct costs are not limited to items that are incorporated in the end product as material or labor. Costs identified specifically with a contract are direct costs of that contract. All costs identified specifically with other final cost objectives of the contractor are direct costs of those cost objectives (FAR 2.101) (Reference (i)).

Final Cost Objective. Final cost objective means a cost objective that has allocated to it both direct and indirect costs and, in the contractor’s accumulation system, is one of the final accumulation points (FAR 31.001) (Reference (i)).

Forward Pricing Rate Agreement (FPRA). FPRA means a written agreement negotiated between a contractor and the Government to make certain rates available during a specified period for use in pricing contracts or modifications. These rates represent reasonable projections of specific costs that are not easily estimated for, identified with, or generated by a specific contract, contract end item, or task. These projections may include rates for such things as labor, indirect costs, material obsolescence and usage, spare part provisioning, and material handling (FAR 2.101) (Reference (i)).

Forward Pricing Rate Recommendation (FPRR). FPRR means a rate set unilaterally by the administrative contracting officer for use by the Government in negotiations or other contract actions when forward pricing rate agreement negotiations have not been completed or when the contractor will not agree to a forward pricing rate agreement (FAR 2.101) (Reference (i)).

Independent Research and Development (IR&D) Cost. IR&D costs means the cost of effort which is neither sponsored by a grant, nor required in performing a contract, and which falls within any of the following four areas (1) basic research, (2) applied research, (3) development, and (4) systems and other concept formulation studies (FAR 31.001) (Reference (i)).
Indirect Cost. Indirect cost means any cost not directly identified with a single final cost objective, but identified with two or more final cost objectives or with at least one intermediate cost objective (FAR 2.101) (Reference (i)).
## ACRONYMS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACAT I</td>
<td>Acquisition Category I</td>
</tr>
<tr>
<td>ACO</td>
<td>administrative contracting officer</td>
</tr>
<tr>
<td>BoR</td>
<td>Boards of Review</td>
</tr>
<tr>
<td>CACO</td>
<td>corporate administrative contracting officer</td>
</tr>
<tr>
<td>CAS</td>
<td>Cost Accounting Standards</td>
</tr>
<tr>
<td>CBAR</td>
<td>Contract Business Analysis Repository</td>
</tr>
<tr>
<td>CFY</td>
<td>contractor fiscal year</td>
</tr>
<tr>
<td>CM</td>
<td>cost monitoring</td>
</tr>
<tr>
<td>CMO</td>
<td>contract management office</td>
</tr>
<tr>
<td>CMP</td>
<td>cost monitoring program</td>
</tr>
<tr>
<td>CMS</td>
<td>cost monitoring specialist</td>
</tr>
<tr>
<td>CPR</td>
<td>component with primary responsibility</td>
</tr>
<tr>
<td>DACO</td>
<td>divisional administrative contracting officer</td>
</tr>
<tr>
<td>DCAA</td>
<td>Defense Contract Audit Agency</td>
</tr>
<tr>
<td>DCMAI</td>
<td>DCMA International Directorate</td>
</tr>
<tr>
<td>DCMA-INST</td>
<td>DCMA Instruction</td>
</tr>
<tr>
<td>DCMAS</td>
<td>DCMA Special Program Directorate</td>
</tr>
<tr>
<td>DFARS</td>
<td>Defense Federal Acquisition Regulation Supplement</td>
</tr>
<tr>
<td>DFARS/PGI</td>
<td>DFARS Procedures, Guidance, and Information</td>
</tr>
<tr>
<td>DTIC</td>
<td>Defense Technical Information Center</td>
</tr>
<tr>
<td>EDW</td>
<td>Electronic Document Workflow</td>
</tr>
<tr>
<td>FAR</td>
<td>Federal Acquisition Regulation</td>
</tr>
<tr>
<td>FPRA</td>
<td>forward pricing rate agreement</td>
</tr>
<tr>
<td>FPRP</td>
<td>forward pricing rate proposal</td>
</tr>
<tr>
<td>FPRR</td>
<td>forward pricing rate recommendation</td>
</tr>
<tr>
<td>IR&amp;D/B&amp;P</td>
<td>Independent Research and Development/Bid and Proposal</td>
</tr>
<tr>
<td>PLAS</td>
<td>Performance Labor Accounting System</td>
</tr>
<tr>
<td>TCO</td>
<td>termination contracting officer</td>
</tr>
</tbody>
</table>