



## Defense Contract Audit Agency Cycle-Time Auditing

Subject: Review of Accounting System

We are currently utilizing an auditing approach, which we call "Cycle-Time Auditing". This entails expediting the performance of the audit and resolving any issues and cost exceptions that may arise. We request that you designate an individual at sufficient level of authority who will be available to discuss any audit issues that may arise and who can make decisions, relative to the issues, for the company. The individual should be available during the time the auditor is performing this audit. We also will need your assurance that any source documents as well as information that can clarify questions we may have will be provided in a very timely manner. Information supporting your proposal or accounting system should be stored in a manner that will expedite its retrieval.

Required Information:

1. Access to Your Company's Labor Distribution Report for the most recent completed and recorded payroll period.
2. Access to Your Company's Employee Timesheets for the most recent completed and recorded payroll period.
3. Access to Your Company's Job Cost Ledger for the period that includes the most recent completed and recorded payroll period.
4. Access to Your Company's General Ledger for the period that includes the most recent completed and recorded payroll period.

We request that the following items listed below also be provided:

1. A Copy of Your Company's Written Accounting Policies and Procedures.
2. A Copy of Your Company's Written Timekeeping Policies and Procedures.
3. A Copy of Your Company's Written Billing Policies and Procedures.
4. A Copy of Your Company's Organization Chart.
5. A Copy of Your Company's provisional billing rate letter for the current fiscal year.
6. A listing of Your Company's recent vouchers for the period that includes the most recent completed and recorded payroll period.
7. A Copy of Your Company's computation of the current indirect rates showing all pool and base items.
8. A written explanation of Your Company's indirect rates structure including both the pool and base.

9. The computation of Your Company's indirect rates including both the pool and base for the prior fiscal year.
10. Copies of Your Company's Financial Statements for the prior fiscal year.
11. The basis for your company's claim of exemption from Cost Accounting Standards (CAS), if applicable.

Please note that this is our initial request for information. More data may be requested during the course of the audit. In summary, your cooperation will allow the auditor to be truly dedicated to this assignment and lessen any disruption to your work place.

Sincerely,  
Branch Manager