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General Comment

As with any new requirement, the first year of implementation of the new compliance audit requirements created uncertainty in terms of audit expectation and also the scope of the audit.

The first issue with the implementation of the new requirement was that guidelines were issued too late to meet the first effective date. This caused delays in meeting the initial due date and our audit firm's understanding of the audit requirements. Our auditors completed the on-site work and then 3 weeks later after internal review had to reopen the audit and include further contracts for review. The obviously created additional work and disruption to our business as well as our audit firm. The condensed implementation also meant it was difficult to interview multiple firms to get the most cost-effective price. The amount paid for the audit was certainly over the benefit received.

Many of the areas audited were unnecessary or a duplication of the work performed by DCAA. For example, auditing that every report, financial submission, etc was filed on time appears unnecessary since the Program Officer knows if a report is late and/or the electronic monitoring systems already in place with DOE sends "late" notices for missing reports. Likewise, auditing of business controls, invoicing compliance and accuracy is duplication of the work performed by DCAA.

The timing of the compliance audit is also of concern for the future. The incurred cost submission isn't due until 6 months after year end, but the cost submission has to be complete for the compliance audit. This means an extension is needed for the compliance audit every year or we have less than 6 months to complete the incurred cost submission.

I don't believe that most accounting firms have on staff resources that routinely audit to federal requirements and are familiar with the requirements. Further clarification on the scope and requirements should be defined and communicated, but its too late again.