

DCMA Contractor Business Systems Instruction - Corrective Action Plan (CAP) Sample

Date: September 19, 2011

Contractor Name (Include Division/Segment Name): John Doe Incorporated, ABC Division **CAGE Code(s):** XYZ12

Contractor Business System: Estimating **Contracting Officer Initial Determination Letter Date:** August 22, 2011

Report (Number/Date): Audit Report No. 1234-2011P234560001, dated July 30, 2011

Item	Description of Significant Deficiency	Contractual Reference	Contractor Response		
			Milestones or Action(s) Taken to Eliminate Significant Deficiency	Target Date(s) for Implementation of Planned Action	Status/Comments
1	<p>Inadequate Documentation of the Basis of Estimate for Proposed Direct Labor Costs.</p> <p>The contractor did not provide adequate support for the proposed direct labor rate increases of current employees who would be promoted to fulfill an RFP job category requirement. The contractor submitted a proposal in response to an RFP that required 26 Field Service Rep (FSR) Technicians. Of those 26 employees, 13 of the proposed number were currently not in the position of FSR Technician. In some instances, these employees' current hourly rates would more than double based on the contractor's proposed hourly rate. The contractor proposed the same labor rate for all promoted employees regardless of experience. The contractor provided no basis for the proposed labor rate. Supporting data must contain enough</p>	DFARS 252.215-7002(d)(4)(vi) and (xvi)	<p>The contractor believes that this is an isolated incident, but agrees with the auditor's comments and recommendations and will provide additional training to educate all personnel involved with pricing about the need for adequate and complete documentation on all proposed labor rates. While the data may not be required for submission to the Government, it must be part of the file and available for review and justification.</p>	Completed	Awaiting follow-up review.

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	<p>detail to permit an adequate evaluation of cost estimates. The contractor proposed substantial raises in current employees' hourly direct labor rates without a detailed basis of estimate. As a result of this condition, the contractor's estimating system cannot be relied upon. Submission of supporting data is a key component in the estimating system that provides for accurate proposal submissions to the Government.</p> <p>The contractor calls this proposal an "isolated incident". However, because of the size of the proposal and the number of employees proposed with insufficient support documentation, the Contracting Officer maintains that this is an estimating system deficiency.</p>				