

Mr. Herrington –

Thank you for allowing us the opportunity to provide comments to the draft DoD Process for Section 3610 Reimbursement: Implementation Guidance, Reimbursement Checklist, and Checklist Instruction.

The overall objective of invoicing during this pandemic is for the contractors to invoice the government for costs incurred under the CARES act in an efficient, manageable, compliant and expeditious manner. In order to accomplish this, we would like to address a few areas of concern in the draft.

In section 5 there are areas which address rate build ups, Forward Pricing submissions and indirect rates. The current rates being billed on the contract before March 2020 were submitted when the project was initially awarded and were reviewed and approved at that time. Our concern is that revisiting this data will lead to inordinate time and confusion related to establishing current fully loaded cost rates without fee.

Section 5 also references calculations of average sick leave budgeted for specific employees and contractors providing payroll records for employees. In our opinion, this would further complicate and delay the reimbursement process, defeating the entire purpose of the legislation, which is to ensure defense contractors do not experience significant interruptions in cash flow which may require layoffs of essential defense industry personnel.

We would like to make a recommendation which is consistent with what we are seeing from our customers in the intelligence community. It is a much simpler format that requires:

- Names of the employees affected
- The work location circumstances (i.e. building closure, non-telework, etc..)
- How many hours they would have worked based on the average weekly hours worked between 1 January 2020 and 29 February 2020
- A contractor and government agreed upon a reduction in rate that would cover fee.
- A signed agreement by an officer of the company stating we are being compliant with the CARES act and are only recouping appropriate costs incurred during the pandemic



Michael P. Kelleher

Vice-President Corporate Finance

1850 Towers Crescent Plaza, Suite 500, Tysons Corner VA 22182

T: 703.215.8145

[Caution-www.applied-insight.com](http://www.applied-insight.com)