



Your First Incurred Cost Proposal Checklist

A comprehensive checklist for small businesses and first-time contractors preparing an Incurred Cost Proposal (ICP) under [FAR 52.216-7](#). Print, check off each item, and submit with confidence.

What is an ICP? An Incurred Cost Proposal reports your actual indirect costs for the fiscal year and proposes final indirect cost rates. It is required for all contractors with flexibly priced government contracts containing the [FAR 52.216-7](#) Allowable Cost and Payment clause. The submission must be filed within **6 months** of your fiscal year end. DCAA screens your ICP against a [47-question adequacy checklist](#) before accepting it for audit.

6

MONTH DEADLINE

47

ADEQUACY CHECKS

15+

SCHEDULES REQUIRED

7

DATA INPUT STEPS

WHO NEEDS THIS

Any contractor with flexibly priced government contracts containing the [FAR 52.216-7](#) Allowable Cost and Payment clause. SBIR/STTR Phase II awardees are common first-timers.

ICP DASHBOARD

The ICP Dashboard automates the entire 43-sheet ICE Model in your browser. Enter your data through a guided 7-step wizard, generate all 15+ schedules instantly, and validate against DCAA's 47-question adequacy checklist — no Excel expertise required. Visit [IncurredCostProposal.com](#) to get started.

SECTION 1

Before You Begin

Complete these foundational items before opening the ICE Model or ICP Dashboard. Many first-timers skip these and waste weeks backtracking.

Confirm you need to file. Review your contracts for the [FAR 52.216-7](#) clause. Flexibly priced contracts (e.g., cost-reimbursement and T&M) require an ICP. FFP-only contractors do not.

Know your deadline. Your ICP is due within 6 months of your fiscal year end. For a 12/31 FY, the deadline is June 30. Mark your calendar and set reminders at 90, 60, and 30 days out.

Request an extension if needed. If you cannot meet the deadline, submit a written request to DCMA before the deadline passes. Without an extension, DCAA may unilaterally set your rates.

Contact your local DCAA office or ACO. If you have questions regarding your ICP submission, reach out to your assigned DCAA office or ACO early in the process. Use the [DCAA Office Locator](#) to identify the appropriate point of contact.

Confirm your accounting system is adequate. Your system must properly segregate direct vs. indirect costs, track costs by contract, and comply with CAS/GAAP. If you have not passed an accounting system survey, address this first.

Close your books for the fiscal year. All adjusting journal entries must be recorded. The ICP reports final, closed-year numbers — not interim estimates.

Understand your indirect rate structure. Know how many overhead pools you have (1 is typical for small businesses), your G&A allocation base (Total Cost Input or Value Added), and whether you have intermediate pools (e.g., Occupancy, Fringe).

SECTION 2

Gather Your Data

Collect these source documents and financial records. Each feeds directly into specific ICE schedules.

Chart of Accounts (COA). Full account listing with account numbers, names, and pool assignments (Direct, OH, G&A, Intermediate, Fringe). Every account must be assigned to exactly one pool. Sched B, C, D

General Ledger (GL) & Trial Balance. Year-end balances for all accounts. Must be closed and final. This is the single source of truth for your ICP — every dollar must trace to the GL. Sched B, C, G

Job Cost Ledger (JCL). Contract-level cost detail broken out by cost element: direct labor, direct material, subcontracts, travel, and other direct costs. One row per contract per cost element. Sched H, I, J, K

Contract listing. Every active contract including: contract number, type (CPFF, T&M, FFP, Commercial), awarding agency, contract value/ceiling, and whether it contains the [FAR 52.242-3](#) penalty clause. Sched H, I, O

Subcontracts. Subcontract information for all contracts containing subcontract costs. Subcontractor names, amounts, and contract references. Sched J

IRS Form 941 quarterly reports. Total wages by quarter for the fiscal year. Used to reconcile labor distribution. Also note any prior-year accrual reversals and current-year accruals. Sched L

Company identification. CAGE Code, UEI number, DUNS (if still used), company legal name, address, fiscal year end date, and point of contact (name, title, phone, email). Setup, Sched N

Asset records (if claiming Cost of Money). Net book value of facilities capital for each asset, allocated to OH and G&A pools. Semi-annual Treasury rates for the fiscal year (H1 and H2). Sched F, F-1

Accounting practices & pool configuration. Document your number of overhead pools and their names, intermediate pools (if any) and allocation bases, fringe treatment (separate rate or included in OH), and G&A base type (Total Cost Input or Value Added). Setup

Cumulative cost data. For each cost-reimbursement contract: prior-year settled and unsettled costs, cumulative billings, contract ceiling, and physical completion status. Sched I

Certification officer. Identify the authorized officer (typically CFO or VP-level) who will sign the Certificate of Final Indirect Costs. Confirm their name, title, and availability before the filing deadline. Sched N

SECTION 3

Schedule-by-Schedule Checklist

Verify each generated schedule before submission. The ICP Dashboard generates all of these automatically, but you must review for accuracy.

SCHED	NAME	CHECK THESE ITEMS
A	Rate Summary	Rates computed correctly (pool / base). OH rates match Sched C/E. G&A rate matches Sched B/E. COM factors show 5 decimal places.
B	G&A Pool	All G&A accounts listed with GL balances. Adjustments for unallowable costs shown separately. IR&D/B&P totals included. Grand total ties to GL.
C	Overhead Pool(s)	One schedule per OH pool. All OH accounts listed. Adjustments shown. Pool totals reconcile to GL. Intermediate pool allocations included if applicable.
D	Intermediate Pool(s)	If you have intermediate pools (Occupancy, etc.), allocation basis documented. Amounts distributed to OH and G&A pools correctly.
E	Allocation Bases	OH base = direct labor (+ fringe if configured + IR&D/B&P labor). G&A base = TCI or Value Added (per your disclosed practice). Base amounts match Sched H totals.
F	Cost of Money	If claiming CAS 414 COM: Treasury rates correct for FY. COM factors use 5 decimal places. Skip if not claiming.
F-1	Net Book Value of Assets	Supporting schedule for Sched F. Recorded and leased asset net book values allocated to OH and G&A pools.
G	Reconciliation of Books of Account	Total ICP costs = GL total expenses. Any difference explained with a note. This is the most common adequacy failure point.
H	Direct Costs by Contract	Every contract listed with direct costs and applied indirect rates. Contracts categorized correctly (CPFF, T&M, FFP, Commercial). Section totals balance.
H-1	Gov't Participation %	Government participation percentages by indirect cost pool across contract sections.
I	Cumulative Incurred Costs	All cost-reimbursement contracts listed. Cumulative billed vs. claimed costs shown. Contract ceilings listed.
J	Subcontracts	Subcontract information for all contracts containing subcontract costs. Subcontractor names, amounts, and contract references.
K	T&M Contracts	T&M contract hours and amounts. Hourly rate detail and total billed amounts by contract.
L	Payroll Reconciliation	Labor distribution by pool matches total labor. IRS 941 quarterly wages reconcile (with accruals/adjustments documented). PASS status required.
M	Decisions, Agreements & Changes	Accounting changes, ASBCA decisions, advance agreements, and CAS noncompliances disclosed during the fiscal year.
N	Certificate of Final Indirect Costs	Signed by authorized officer (typically CFO or above). Certifies costs are reasonable, allocable, and allowable. Penalty clause contracts identified.
O	Contract Closing Information	All contracts with ceilings, billings, and status. Penalty clause (FAR 52.242-3) applicability marked for each.

SECTION 4

Adequacy Review & Common Mistakes

DCAA screens every ICP against a 47-question adequacy checklist. An inadequate submission is returned, delaying rate settlement and contract closeout.

These recurring errors appear in DCAA incurred cost audits year after year. Understanding them helps you avoid the most frequent findings.

Cost Misclassification. Charging indirect costs as direct (or vice versa) distorts rates across every contract and is one of the most common DCAA findings.

Missing Unallowable Adjustments. Failing to remove [FAR 31.205](#) expressly unallowable costs from indirect pools — entertainment, lobbying, interest, alcohol — before submission.

Incorrect Allocation Bases. Including or excluding costs from the G&A base that contradict the contractor's elected [CAS 410](#) method, producing cascading rate errors.

Payroll Reconciliation Errors. Schedule L (payroll) does not reconcile to the general ledger, creating a gap that DCAA will question during audit fieldwork.

Unsigned Schedule N. Submitting without a signed Certificate of Final Indirect Costs renders the entire proposal inadequate and restarts the review clock.

Insufficient Documentation. Missing invoices, timesheets, or subcontract agreements to support claimed costs. DCAA requires full transparency during audit.

Penalties for Unallowable Costs ([FAR 52.242-3](#))

If expressly unallowable costs are included in your ICP without proper identification, DCAA may impose penalties equal to the disallowed amount, potentially doubled for repeat offenses. The Smart Validation Engine scans for 21 [FAR 31.205](#) unallowable cost categories automatically.

SECTION 5

Final Review, Submit & Audit Prep

Complete these final checks, export your ICP, and prepare for the possibility of a DCAA audit.

Pre-Submission Final Checklist

Run the Reconciliation page. Verify all cross-schedule checks pass (green). Resolve any warnings or errors before exporting.

Complete the 47-question Adequacy Review. Walk through every DCAA checklist question. The dashboard auto-populates many answers from your reconciliation results.

Run Smart Validation. Review all findings: unallowable cost flags, math consistency checks, data completeness, and negative balance warnings.

Verify Schedule N certification. Confirm the signer's name, title, and date. The certification must be by an officer authorized to bind the company.

Export the Excel workbook. Use the one-click export to generate a multi-sheet .xlsx with all schedules, formulas, and cross-sheet references.

Spot-check the exported Excel. Open the workbook and verify a few key numbers: Schedule A rates, Schedule B/C pool totals, Schedule H contract totals, Schedule L reconciliation status.

Submit to your ACO/DCMA. Send the completed ICP to your Administrative Contracting Officer. Confirm receipt and keep a copy of the transmission record. You can also submit electronically via the **DCAA Contractor Submission Portal (CSP)** at dcaa.mil/Business-Apps/Contractor-Submission-Portal — a centralized platform within PIEE for ICP and PBR submissions with automated notifications to your DCAA Field Audit Office. While not mandatory, DCAA strongly encourages its use.

Prepare for a Potential Audit

- **Understand the tiered approach:** If auditable costs are under \$1M annually and all cost-plus contracts are under \$1M, you may not be selected for audit. Above \$1M enters a risk-based selection pool.
- **Keep documentation ready:** Timesheets, vendor invoices, subcontract agreements, travel vouchers, and executive compensation support. DCAA may request these years after submission.
- **Log everything:** Track all documents provided to auditors. Insist on formal kickoff and exit meetings per GAGAS (Yellow Book) requirements.
- **Respond to findings:** If DCAA issues audit findings, ensure your responses are incorporated into the final report. Request a copy of the final audit report.
- **Be prepared for a labor floor check:** DCAA may arrive unannounced to verify timekeeping practices. Ensure employees understand proper time charging procedures.
- **Know the outcome:** DCMA will establish final indirect rates, disallow costs where applicable, and make penalty adjustments. You may negotiate disputed findings.

Using the ICP Dashboard?

Load the demo data (XYZ Corporation) to see a complete, passing ICP with all 15+ schedules. Study how the demo handles each schedule, then clear it and enter your own data. The 7-step wizard guides you through the entire process. Visit IncurredCostProposal.com to get started.