

DCAA MEMORANDUM FOR REGIONAL DIRECTORS COVER SHEET

AUDIT GUIDANCE/AUDIT MANAGEMENT GUIDANCE MEMORANDUM NO. 12-PPS-019(R)

Date of MRD: August 14, 2012

Subject of MRD: Audit Guidance on Access to Contractor Internal Audit Reports

Current Audit Guidance and/or Audit Management Guidance Affected:

CAM

Paragraph	Explanation of Effect on Current Version of CAM
<u>4-202</u>	<u>Provides additional guidance related to establishing a process to request and use contractor internal audit reports in establishing risk assessments.</u>

AUDIT PROGRAMS

5 Digit Activity Code	Subactivity/Document Name	Step No.	Explanation of Effect on Current Audit Program
<u>NONE</u>			

SHELL AUDIT REPORTS

5 Digit Activity Code	Subactivity/Document Name	Sec./ Par.	Explanation of Effect on Current Audit Report
<u>NONE</u>			

MEMORANDUMS FOR REGIONAL DIRECTORS

MRD No.	Date	Subject/Explanation of Change
<u>NONE</u>		

INTERNAL CONTROL QUESTIONNAIRE/INTERNAL CONTROL MATRIX/INTERNAL CONTROL AUDIT PLANNING SUMMARY

ICQ/ICM/ ICAPS	Section & No.	State Control(s) Affected by the Change
<u>NONE</u>		

DCAA PAMPHLETS/REGULATIONS/INSTRUCTIONS

DCAAP/R/I/No.	Date	Page/Sec./Par.	Explanation of Effect
<u>NONE</u>			

DMIS USER GUIDE

DMIS User Guide	Explanation of Effect
<u>NONE</u>	



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IN REPLY REFER TO

PPS 710.7

August 14, 2012
12-PPS-019(R)

MEMORANDUM FOR REGIONAL DIRECTORS, DCAA
DIRECTOR, FIELD DETACHMENT, DCAA
HEADS OF PRINCIPAL STAFF ELEMENTS, HQ, DCAA

SUBJECT: Audit Guidance on Access to Contractor Internal Audit Reports

This audit guidance provides direction for requesting and monitoring requests for contractors' Internal Audit Reports. This guidance is in response to the December 2011, Government Accountability Office (GAO) report titled "Actions Needed to Improve DCAA's Access To and Use of Defense Company Audit Reports." The GAO recommended that DCAA take steps to facilitate access to internal audits and periodically assess whether other actions are needed. As outlined in the GAO report, DCAA cannot request unlimited access to all internal company materials, but should have access to materials relevant to its audit responsibilities. GAO determined that the number of DCAA requests for internal audit reports was relatively small when compared to the number of internal audits GAO identified as relevant to defense contract oversight.

In order to comply with the GAO recommendations, DCAA Contract Audit Coordinator (CAC) offices and Field Audit Offices (FAOs) at major contractor locations must establish a process and a central point of contact to obtain and monitor DCAA's access to and use of internal audits. This process will include a method for tracking requests for internal audit reports and working papers, when needed, and the contractor's disposition of these requests. CAM 4-202 has been revised to include the specific duties of this central point of contact (CAM 4-202c(1)), and to outline the process auditors and supervisors should follow to access internal audits as part of their ongoing audits (CAM 4-202.c(2)).

For non-major contractors, a formal tracking process or a central point of contact is not mandatory. However, contractor internal audit reports can still be useful in the performance of audits. The procedures to follow for non-major contractors are contained in CAM 4-202c(3).

When access to internal audit reports is denied by the contractor, the CAC or FAO manager will implement Access to Records procedures per DCAA Instruction 7640.17, dated December 19, 2008. If the efforts of the FAO, Administrative Contracting Officer and regional office prove unsuccessful, the Regional Director should review the matter and determine if a subpoena should be requested in accordance with DCAA Regulations No. 5500.5, Subpoenas of Contractor Records, dated October 10, 2006.

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SUBJECT: Audit Guidance on Access to Contractor Internal Audit Reports

Training related to accessing contractors' internal audit reports will be presented at the Semi-Annual FAO Assistant for Quality Workshop scheduled for the 1st Quarter of CY 2013. The training slides will be made available to attendees for additional dissemination at FAO staff conferences.

FAO personnel should direct questions regarding this memorandum to their regional offices and regional personnel should direct any questions to Patricia Wright, Program Manager, Policy Publications and Systems Division at (316) 269-6608 or e-mail: DCAA-PPS@dcaa.mil.

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