



**DEFENSE CONTRACT AUDIT AGENCY**  
**DEPARTMENT OF DEFENSE**  
8725 JOHN J. KINGMAN ROAD, SUITE 2135  
FORT BELVOIR, VA 22060-6219

IN REPLY REFER TO

PAS 730.3.B.2.4

July 31, 2008  
08-PAS-022(R)

**MEMORANDUM FOR REGIONAL DIRECTORS, DCAA  
DIRECTOR, FIELD DETACHMENT, DCAA**

**SUBJECT:** Audit Alert on Handling Disagreements on Audit Findings

This audit alert emphasizes and clarifies existing guidance at CAM 4-403.f.(2) on procedures to be followed when there is a difference of opinion between the auditor and the supervisor or higher level management regarding audit findings.

Before an audit report is issued, every effort should be made to reconcile differences in opinion between the auditor and the supervisor or higher levels of management regarding audit conclusions. Differences of opinion that materially affect audit conclusions that cannot be reconciled should be elevated to the FAO manager for a decision. Discussions with the FAO manager of such differences should include both the auditor and the supervisor. If differences of opinion exist between the supervisor and the FAO manager, they should be elevated to the Regional Audit Manager (RAM). Employees should elevate differences of opinion on audit issues to the Deputy Regional Director if they are unable to reach a resolution through the supervisor, FAO manager, and RAM.

If the difference of opinion cannot be reconciled and the draft audit results are changed by the supervisor or higher level management, both the auditor and the supervisor should document the disagreement as a part of the superseded working papers which should be retained in the audit file. This documentation must include the specific basis for changing the audit opinion and adequate support for that basis (e.g., why conditions that the auditor considered deficiencies are not deficiencies). In addition, the current working papers must adequately document and support the final audit opinion. For example, the auditor concludes that the contractor's billing system is inadequate. The supervisor believes that the auditor's conclusion is based on insufficient audit procedures. The working papers must document the additional work performed to determine whether the contractor's system is adequate, inadequate in part or inadequate and provide sufficient evidence to support the final opinion.

FAO personnel should direct questions to their regional POCs, and regional personnel should direct any questions to Auditing Standards Division, at (703) 767-3274 or e-mail: [DCAA-PAS@dcaa.mil](mailto:DCAA-PAS@dcaa.mil).

/s/ Terry M. Schneider  
/for/ Kenneth J. Saccoccia  
Assistant Director  
Policy and Plans

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