



**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

August 5, 2008  
08-PAS-024(R)

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

SUBJECT: Audit Guidance Discontinuing DCAA Participation in Integrated Product Teams (IPTs)

Effective immediately, DCAA will discontinue all participation in IPTs, including in-process IPTs and other teaming arrangements; such as, Alpha pricing, Omega pricing and one-pass pricing, due to concerns that DCAA auditor participation in IPTs results in noncompliance with Generally Accepted Government Auditing Standards (GAGAS). IPTs include proposal effort charged to code 22000 and any other IPT type arrangement for all other assignments such as system audits and CAS issues. In those cases where auditors are currently participating in an IPT, FAOs should forward this guidance memorandum and its Enclosure to the contracting officer as notification that DCAA will no longer participate in IPTs. The FAO should also advise the contracting officer that DCAA will perform an audit of the contractor's management-approved final proposal upon request.

The current independence standards prohibit DCAA from auditing their own work or providing nonaudit services that are significant or material to the subject matter of the audits. Consequently, to avoid any appearance of a GAGAS independence issue, we are discontinuing DCAA participation in IPTs.

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/  
Kenneth J. Saccoccia  
Assistant Director  
Policy and Plans

Enclosure:

Memorandum to DPAPSS, Discontinuance of DCAA Participation in IPTs

DISTRIBUTION: E



**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

August 4, 2008

**MEMORANDUM FOR DIRECTOR, DEFENSE PROCUREMENT, ACQUISITION  
POLICY AND STRATEGIC SOURCING**

**SUBJECT: Discontinuance of DCAA Participation in Integrated Product Teams (IPTs)**

Effective immediately, DCAA will discontinue all participation in integrated product teams (IPTs) due to concerns that DCAA participation results in a noncompliance with Generally Accepted Government Auditing Standards (GAGAS). This includes in-process IPTs and any other teaming arrangements; such as, Alpha pricing, Omega pricing and one-pass pricing. DCAA will continue to perform audits of management-approved final contractor proposals when requested by the contracting officer.

The current independence standards prohibit DCAA from auditing its own work or providing nonaudit services that are significant or material to the subject matter of the audits. Consequently, to avoid any appearance of a GAGAS independence issue, we are discontinuing DCAA participation in IPTs.

Please notify the contracting officials of the Military Services and DoD Components of this change in DCAA audit policy. As part of your notification, please emphasize that at the request of the contracting officers, DCAA will continue to audit management-approved final contractor proposals and issue an independent audit opinion at the completion of our audit.

If you have any questions or desire further discussion on this matter, please contact the undersigned at (703) 767-3280.

/s/

Kenneth J. Saccoccia  
Assistant Director  
Policy and Plans

Enclosure