



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

IN REPLY REFER TO

OO 730.4.2.1

March 3, 2009
09-OO-010(R)

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

SUBJECT: Audit Management Guidance – Reporting Suspected Contractor Fraud and Other Contractor Irregularities

Effective immediately, the enclosed DCAA Form 2000 should be used when reporting suspected contractor fraud and other contractor irregularities.

The enclosed DCAA Form 2000 has been modified to eliminate the Branch Manager/Resident Auditor signature block. There is no requirement for management approval of the auditor-prepared DCAA Form 2000 prior to its submission to Headquarters. As stated in MRD 09-OTS-004(R), management reviews of DCAA Form 2000s prior to submission to Headquarters should be limited to that necessary to ensure clarity. Accordingly, the Branch Manager/Resident Auditor's signature is no longer required on the DCAA Form 2000.

The DCAA Form 2000 in APPS, CAM Figure 4-7-2, and DCAA Instruction 7640.16, Reporting Suspected Contactor Fraud and Other Contractor Irregularities, are in the process of being revised to reflect the change in policy.

Questions on this memorandum may be directed to the Justice Liaison Auditor, at (703) 767-2238.

/s/Kristina A. Harris
/for/
Karen K. Cash
Assistant Director
Operations

Enclosure:
DCAA Form 2000

DISTRIBUTION: E

SUSPECTED IRREGULARITY REFERRAL FORM

Follow enclosed guidance and DCAA Instruction 7640.16 when providing the following information:

1. Name, FAO, RORG number, telephone and FAX numbers, and e-mail address of the auditor preparing the referral.
2. Contractor's name, division, and address. Identify if the contractor is a small/disadvantaged (8a) firm.
3. Government entities (e.g. Navy, DOE, HHS, etc.) affected by irregularity. If possible, identify contract(s), types, amounts, and major program(s) affected.
4. Classification of irregularity (See the enclosed instructions)
5. Prepare, on a separate page, a concise description of the irregularity. Include the following criteria: **who, what, where, when, how, how much**. If possible, identify regulatory provisions and/or statutes violated. Attach documentation (appropriately cross-referenced) as necessary.
6. Reason for treating this as other than normal questioned costs (e.g. if suspected fraud, where is the **material statement**, which is **false**, and why do you think it is **known** by the maker to be false?)
7. Estimated loss or impact to the Government. Explain basis and any reasons for limited current visibility of total losses.
8. Signature of Auditor and date (must be signed and dated).

Auditor

Date

9. Distribution: Headquarters OTS, ACO/PCO, and Cognizant Investigator (See Appendix 1 of DCAAI 7640.16). Identify all addressees.

INSTRUCTIONS FOR PREPARATION OF FORM 2000

GENERAL:

Information which suggests a reasonable basis for suspicion of fraud, corruption, or unlawful activity affecting Government contracts must be reported **promptly**. For reporting purposes, **fraud** is defined as: a **material statement** of fact which is **false**, and **known** to be false. Other reportable irregularities include Kickbacks, Gratuities, Illegal Political Contributions, Foreign Corrupt Practices Act violations, and Agreements in Restraint of Trade. Activities **not** reportable on the Form 2000 include matters such as (1) those already known by the Government, (2) Contractor Disclosures, and (3) unsatisfactory conditions (CAM 4-800).

An effective referral requires close communication between auditors, supervisors and FAO Managers. You may coordinate with your Regional Investigative Support Division (RSI) if there are any questions about whether or not to refer the matter, keeping in mind the need for **promptness**. Follow instructions in CAM 4-700 and DCAAI 7640.16 in preparing the Form. Use continuation pages as necessary, especially for question 5, keeping in mind the need for **conciseness**.

Classification of Irregularity (Form 2000, Item 4):

To assist the investigator in evaluation of the material presented, indicate in item 4 which of the following classifications best fits the matter being referred (more than 1 classification may apply):

- | | | |
|------------------------------|--------------------------------|----------------------------------|
| 1. Defective Pricing | 5. False Claims/Certifications | 8. Ethical Violations |
| a. Pattern of Activity | a. Equitable Adjust. Claims | a. Kickbacks |
| b. Other (explain) | b. Termination Settlements | b. Gratuities |
| 2. Billing Irregularities | c. Indirect Cost Certification | c. Political Contributions |
| a. Progress Payments | d. Other (explain) | d. Foreign Corrupt Practices Act |
| b. Public vouchers | 6. Consultants/Subcontractors | e. Bribery |
| c. Other (explain) | a. Consulting Irregularities | f. Restraint of Trade |
| 3. Labor Irregularities | b. Subcontract Irregularities | g. Other (explain) |
| a. Timekeeping | 7. Materials | 9. Other Irregular Activity |
| b. IR&D/B&P Mischarges | a. Product Substitution | a. Conspiracy |
| c. Other (explain) | b. MMAS | b. Obstruction of Audit |
| 4. Accounting Mischarging | c. Other (explain) | (see CAM 4-708) |
| a. FAR 31/CAS 405 Violations | | c. Other (explain) |
| b. Improper Transfers | | |
| c. Unallocable Costs | | |
| d. Other (explain) | | |