



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

IN REPLY REFER TO

PPD 730.5.35.1

December 27, 2011
11-PPD-024(R)

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

SUBJECT: Audit Alert on the Use of DMIS Activity Code 10160 Assignments

This MRD is being issued to emphasize the proper use of DMIS Activity Code 10160 assignments as part of the annual incurred cost audit. This activity code gives the FAO the flexibility to divide large incurred cost audits into discrete, manageable sections once the overall risk assessment and has been completed under the Code 10100 controlling assignment. This 10160 sub-assignment is an integral part of the originating GAGAS examination and does not represent a separate examination engagement and should be used to efficiently and effectively support the incurred cost audit. The W/P B in the 10160 assignment should reference the 10100 assignment risk assessment and should not duplicate effort. However, auditors may supplement the 10100 assignment risk assessment for additional risk factors to consider in conducting the 10160 assignment.

A memorandum for the record should be issued to close the 10160 assignment. Any questioned cost associated with these assignments will be recorded under the 10100 assignment when the final incurred cost audit report is issued.

The DMIS user guide is currently being updated for this guidance clarification. FAOs with questions should contact their regional points of contact. Regional personnel with questions regarding this memorandum may contact, Policy Programs Division, at (703) 767-2270.

/s/ John C. Shire
/for/ Kenneth J. Saccoccia
Assistant Director
Policy and Plan

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