



**DEFENSE CONTRACT AUDIT AGENCY**  
**DEPARTMENT OF DEFENSE**  
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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 4-202.1h has been revised to include the specific duties of this central point of contact (CAM 4-202.1h(1)), and to outline the process auditors and supervisors should follow to access internal audits as part of their ongoing audits (CAM 4-202.1h(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 4-202.1h(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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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 Policy Publications and Systems Division at (703) 767-3274 or e-mail: [DCAA-PPS@dcaa.mil](mailto:DCAA-PPS@dcaa.mil).

/s/ Jennifer L. Quinones  
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Policy and Plans

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